

# EXPORTS



# GROW



# JOBS



**Export-Import Bank  
of the United States**  
2012 ANNUAL REPORT



## Facts About Ex-Im Bank

### *Did you know?*

- The Export-Import Bank of the United States (Ex-Im Bank), an independent federal government agency, operates at no cost to U.S. taxpayers.
- After paying all of its operating and program costs during the past five years, Ex-Im Bank contributed \$1.6 billion to the U.S. Treasury.
- More than 85 percent of Ex-Im's transactions in recent years directly benefited small businesses.
- Since 2008 Ex-Im Bank has assisted in creating or sustaining more than one million American jobs.

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## Mission

**The Export-Import Bank of the United States (Ex-Im Bank)** is the official export-credit agency of the United States. Ex-Im Bank is an independent, self-sustaining executive agency and a wholly owned U.S. government corporation.

The Bank's mission is to support jobs in the United States by facilitating the export of U.S. goods and services. The Bank provides competitive export financing and ensures a level playing field for U.S. exports in the global marketplace.

Ex-Im Bank does not compete with private-sector lenders but provides export-financing that fill gaps in trade financing. The Bank assumes credit and country risks that the private sector is unable or unwilling to accept. It also helps to level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters.

The Bank's charter requires reasonable assurance of repayment for the transactions that it authorizes, and the Bank closely monitors credit and other risks in its portfolio.

More than 85 percent of Ex-Im Bank's transactions in recent years have been made available for the direct benefit of U.S. small businesses.



Ex-Im Bank's Board of Directors at the Bank's annual conference in April 2012 in Washington, D.C. From left: **Board Member Larry W. Walther**, **Vice Chair Wanda Felton**, **Board Member Patricia M. Loui**, **Board Member Sean Mulvaney** and **Ex-Im Bank Chairman and President Fred P. Hochberg**.



# Reauthorization



**President Barack Obama signed the Export-Import Bank Reauthorization Act of 2012** during a ceremony at the White House on May 30, 2012. Pictured (from left) are **Connie Justice**, president, Planson International Corp.; **Rep. Gary Miller** (California); **Guillaume Charron**, manager, Rotor Machining Group; **Fred P. Hochberg**, Ex-Im Bank chairman and president; **Luis Arguello**, president, Demetech Corp.; **Sharon O'Hara**, office administrator, Boeing Commercial Airplanes; **President Obama**; **Rep. Steny Hoyer** (Maryland); **Andrew Liveris**, president, chairman and CEO, The Dow Chemical Company; **Rep. Carolyn McCarthy** (New York); **David Ickert**, chief financial officer, Air Tractor Inc.; and **Debbie Askin**, CEO, Team Askin Technologies Inc. Official White House photo by Pete Souza.

**“By reauthorizing support for the Export-Import Bank, we’re helping thousands of businesses sell more of their products and services overseas, and, in the process, we’re helping them create jobs here at home. And we’re doing that at no extra cost to the taxpayer.”**

**President Barack Obama**  
**Signing of the Export-Import Bank Reauthorization Act of 2012**

*The White House, Washington, D.C.  
May 30, 2012*

The Export-Import Bank Reauthorization Act of 2012 extends the Bank’s authority through September 30, 2014, and increases its portfolio cap up to \$140 billion. This legislation provides much-needed certainty and predictability to U.S. exporters and their workers as they seek to expand exports and employment across the United States.

## Chairman's Message

At the Export-Import Bank of the United States (Ex-Im Bank), creating and supporting jobs by exporting American-made goods and services is our mission and our passion. As we close the books on another year, the “Made in the USA” brand has never been stronger, fueled by the strength of American exporters and the work President Obama has done to grow our economy. When businesses large and small sell their products abroad, the U.S. economy grows and new opportunities are created here at home.

At Ex-Im Bank, we measure our success by American jobs created, businesses supported and communities lifted. By these measures and others, the past five years have seen nothing less than a revolution in export-driven economic development. In this period, U.S. exporters working with Ex-Im Bank have created or sustained over one million private-sector jobs and sent \$1.6 billion to the U.S. Treasury – all at no cost to the American taxpayer.

Export growth has surged these past four years, allowing businesses to seize new opportunities and create quality jobs in communities across the country.

### Supporting American Jobs

Since the autumn of 2008, our economy has faced a number of challenges, in particular the lack of liquidity in the private sector.

Ex-Im Bank has stepped into the breach, with our financing allowing businesses to expand their operations, hire more employees, and make their products and services available to a worldwide customer base. At the close of fiscal year 2012, Ex-Im Bank reported a fourth consecutive record-breaking year, supporting an estimated 255,000 jobs. We also provided almost \$35.8 billion in export financing – up over 9 percent from the year before and more than double the amount from FY 2008. Over this five-year period, the Bank has executed transactions that have enabled more than \$170 billion worth of American exports.

With the support of Ex-Im Bank, more American companies are selling more products and services to more places around the globe.

One of the most rewarding aspects of my job as chairman is the opportunity to travel across the country, meet the entrepreneurs who are driving our nation's export growth and visit the workplaces that are creating products the world needs. With each meeting, I gain a deeper appreciation for the companies and employees that embody America's vision and innovation, and why there is worldwide demand for products that are “Made in the USA.”



### New Horizons for America's Small Businesses

Throughout the past four years, I have seen firsthand how small businesses are driving our economy forward. I'm proud of the success we've had at Ex-Im Bank in achieving our goal of helping small business to compete effectively on the global stage. For example, since FY 2008, the volume of financing we have done with small businesses has nearly doubled. In FY 2008, Ex-Im Bank provided approximately \$3.2 billion in financing and insurance for small companies. In FY 2012, that figure grew to \$6.1 billion – a 92 percent increase since FY 2008. Last year, our support for women- and minority-owned small-business exporters was one of the fastest-growing market segments, with financing up almost 17 percent – a new record.

When times are tight in the credit markets, small businesses are often the hardest hit because they have fewer borrowing options. If these businesses don't have access to financing, they are unable to reach potential new customers that can and should be within their reach.

With the financing Ex-Im Bank has enabled, our small-business partners are now able to reach more customers and sell more products. This, in turn, benefits our national economic outlook, as our highly-capable, highly-innovative small businesses enhance our competitiveness on the worldwide stage.

### A 21<sup>st</sup> Century Marked by U.S. Export Growth

Increasing America's competitiveness is critical to the country's sustained economic growth. President Obama's National Export Initiative (NEI) embraces this opportunity and sets an ambitious goal for the United States to double its exports over a five-year period. Since 2009, exports are up almost 40 percent, and we are making significant strides towards achieving this goal.

Because U.S. companies flourish in a global marketplace with a level playing field, we support President Obama's efforts to create a fair and transparent international-trade architecture in which companies compete on the quality and value of their products, without the unregulated financing deals we've seen too often of late that distort the marketplace.

### Government at the Speed of Business

Better, more efficient, more useful customer service is a hallmark of successful businesses, and here at Ex-Im Bank, it is our fundamental operating procedure. We call it, "Government at the Speed of Business."

Over the last four years, we have refused to accept less than stellar performance, consistently reducing turnaround times on transactions. This past year, 90 percent of all transactions were processed within 30 days and 98 percent were processed within 100 days. We developed new products to more quickly underwrite transactions, and we've also continued to streamline our application process to make paperwork a quick and painless experience.

Our process is yielding strong results. By taking a hard look at each application, we have managed a project portfolio that delivers strong economic and financial results for the American people.

I couldn't be more proud of the men and women who are committed to the mission of Ex-Im Bank. They provide dedicated service, expertise and professionalism to the U.S. companies with which we work.

### Opening New Markets, Seizing New Opportunities

Here at Ex-Im Bank, we believe unequivocally that we are at the forefront of a new era of growth for U.S. exports. As nations around the globe seek to provide better lives and more economic opportunities for their citizens, they are building roads, railways, bridges, power plants and other critical infrastructure. Through exporting, we are not only disseminating the world's best-quality products and know-how to enable this infrastructure expansion, we are creating jobs and opportunities here in the United States.

Infrastructure spending across the globe is expected to reach \$40 trillion over the next 20 years. At Ex-Im Bank, we know that U.S. companies have the knowledge, experience and resources to meet these infrastructure needs. In FY 2012, we provided more than \$21.5 billion in infrastructure-related financing, a nearly 155 percent increase over FY 2008. We foresee financing even more of these projects in the coming year.

When Ex-Im Bank, for example, helps a California company export the construction, engineering and consulting services necessary to create two large-scale integrated water systems in Sri Lanka, we not only change the lives of millions of people who were without clean water. We also create and support jobs here in the United States.

We provided strong support for manufacturing of all types in FY 2012, approving \$11 billion in financing for manufacturing exports – the second largest industry sector in our portfolio behind aircraft.

We've also seen impressive growth this year in many key markets. Asia and the Middle East were our largest-growing regions in FY 2012, with a \$9.5 billion increase in our business there over the previous year. We have also seen a tripling of Ex-Im-supported exports in sub-Saharan Africa over the past four years.

### The Road Ahead

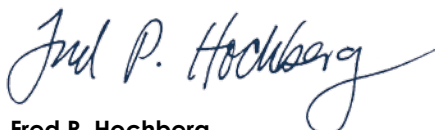
Reflecting on the past year has made me more optimistic than ever about American exporters and the potential for continued growth.

In the short term, Ex-Im financing and the Bank's ability to move swiftly to help U.S. companies take advantage of overseas business opportunities has generated job creation and private-sector growth during an economically challenging time.

Even more importantly, the Bank is enabling American businesses to connect with overseas partners, significantly expanding their customer bases. With each of these successes, Ex-Im Bank and its U.S. business customers are building a sustainable foundation of growth that will serve our country well into the future.

Enabling American companies to compete and succeed in the global marketplace, creating high-quality jobs and supporting a new generation of prosperity is a mission that is as important as it is exciting. The resourcefulness and ingenuity of our businesses, combined with the financing resources and conscientious service provided by Ex-Im Bank, is creating prosperity here at home and providing world-class products and services to people around the globe.

Sincerely,



**Fred P. Hochberg**  
Chairman and President

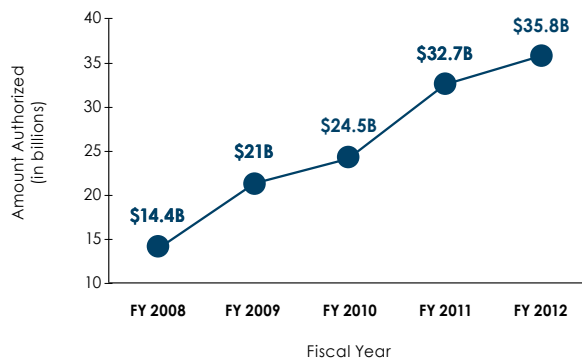
## FY 2012 Highlights

Ex-Im Bank plays a critical role in financing U.S. exports in an increasingly competitive global marketplace. The ongoing lack of liquidity in the private sector, combined with the rising demand for U.S. exports, makes Ex-Im financing more essential than ever for U.S. companies to grow through exporting and create jobs.

### Total Ex-Im Bank Financing

- In FY 2012, Ex-Im Bank authorized a record total of nearly \$35.8 billion to support U.S. exports – a 9 percent increase over the previous record level of authorizations in FY 2011. This is the highest level of authorizations in any fiscal year of the Bank's 78-year history.
- Ex-Im's authorizations for 3,796 transactions will support an all-time high estimated export value of nearly \$50 billion to markets worldwide. This support represents an increase of 21 percent over the previous record of \$41.3 billion of U.S. exports supported in FY 2011.

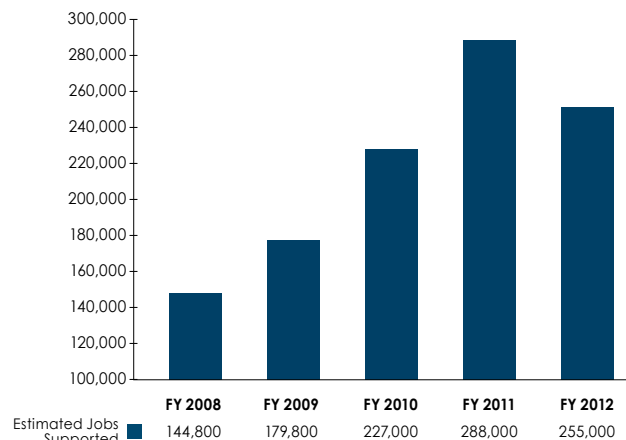
### Ex-Im Bank Total Authorizations



### Supporting U.S. Jobs

- Ex-Im's FY 2012 authorizations are supporting approximately 255,000 American jobs at more than 3,400 U.S. companies.
- Over the last five years, the Bank has supported more than one million jobs in the United States.

### U.S. Jobs Supported by Ex-Im Bank



### Government at the Speed of Business

- In FY 2012, Ex-Im Bank processed 90 percent of all transactions within 30 days and 98 percent within 100 days.
- The time required to process long-term transactions dropped to an average of 60 days in FY 2012, down from an average of 163 days in FY 2009.

### Small-Business Support

Although credit remains tight, small businesses are continuing to realize the opportunities of the global market and are selling billions of dollars of goods and services overseas every year. Some 70 percent of all exporters have fewer than 20 employees. (Source: U.S. Census Bureau)

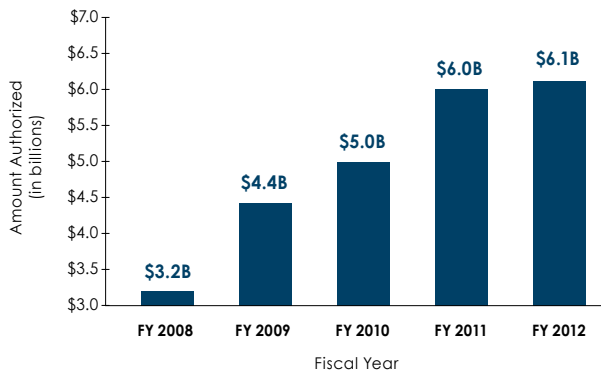
Ex-Im Bank has a strong commitment to support small-business exporters.

- In FY 2012, Ex-Im Bank authorized more than \$6.1 billion in financing and insurance for American small businesses – a record for the Bank.
- Small-business authorizations continued a strong positive trend and were nearly double the FY 2008 amount of \$3.2 billion. This financing represents nearly 17 percent of total Ex-Im authorizations in FY 2012.
- The Bank approved 3,313 authorizations for small-business exporters in FY 2012. Small-business transactions constituted almost 88 percent of total Ex-Im Bank authorizations.



- FY 2012 authorizations for woman-owned and minority-owned small businesses reached a record \$838 million – up almost 17 percent from FY 2011.
- Exports from small businesses constituted 50 percent or more of Ex-Im-supported exports in over half of the states in the nation.

### Ex-Im Bank Small-Business Authorizations



### Infrastructure

Worldwide, the middle class is growing, with nearly two billion people across the globe today and nearly double that number by 2030. (Source: the Brookings Institution) This growth will result in an enormous need for infrastructure investments and opportunities for U.S. exporters. Ex-Im Bank finances U.S. exports to meet the rising demand for infrastructure development.

- Authorizations supporting exports to international infrastructure projects were \$21.5 billion in FY 2012 – 60 percent of the Bank's total authorizations.
- Authorized a historic high of \$12.6 billion for long-term structured and project-finance transactions – a 46 percent increase over the previous record set in FY 2011. This financing is supporting American-produced exports to a range of infrastructure projects, such as oil and gas development, power generation, mining and telecommunications – including a record \$1.4 billion to finance U.S.-manufactured satellites.

### Key Markets and Industries

In a record-breaking year in FY 2012, Ex-Im Bank financed U.S. goods and services to markets around the globe, including to nine target markets: Brazil, Colombia, India, Indonesia, Mexico, Nigeria, South Africa, Turkey and Vietnam. The Bank's focus industries include satellites and other telecommunications equipment, solar panels and other renewable-energy products, commercial aircraft and avionics, locomotives and power-generation equipment.

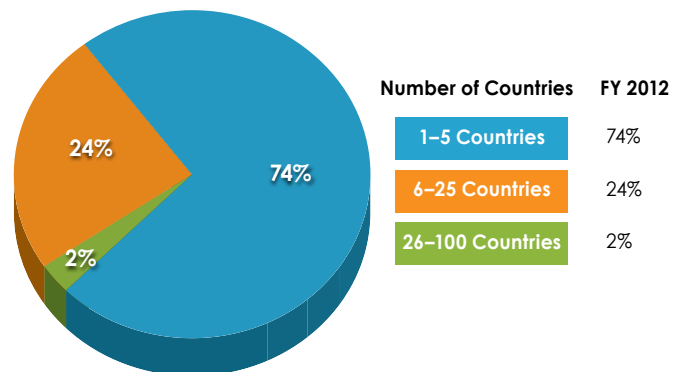
In FY 2012, Ex-Im Bank

- Increased total authorizations in Asia (including the Middle East) by over \$4 billion from FY 2012, including first-time financing for Lockheed Martin satellites to Australia and Vietnam, and Westinghouse exports for a nuclear-power project in the United Arab Emirates.
- Authorized more than \$1.5 billion to support U.S. exports to sub-Saharan Africa – an all-time high level of financing that is supporting approximately 7 percent of U.S. merchandise exports to this region.
- Approved more than \$11 billion to finance U.S. exports from manufacturing industries, the second-highest industry sector behind aircraft (\$12.2 billion).
- Provided \$10.5 billion to finance all types of U.S.-produced services, an increase of over 110 percent from FY 2011 and up more than 460 percent from FY 2008.

### More Customers in More Countries

In order to increase U.S. exports, Ex-Im Bank is focused on directing its financing to enable more customers to export to more countries around the globe.

### Ex-Im-Backed Exporters Shipping to More Countries



- In FY 2012, there was a 7 percent increase from FY 2011 in the number of U.S. companies that used Ex-Im Bank products to export to one to five countries.
- Also in FY 2012, more than 1,300 companies increased the number of countries to which they shipped exports supported by Ex-Im Bank financing.

## Supporting U.S. Jobs

When Ex-Im Bank financed the design and construction of a much-needed water supply system in Sri Lanka, hundreds of jobs were created in Colorado, Virginia, Pennsylvania and New Jersey.

When Ethiopian Airlines purchased its first Boeing Dreamliner 787 aircraft with the support of Ex-Im financing, thousands of workers were able to keep good-paying jobs in Washington State.

Exports like these and thousands more embody Ex-Im Bank's mission of supporting American jobs by facilitating the export of U.S. goods and services. With each transaction, the Bank is fulfilling its congressional charter, which states, "The Bank's objective in authorizing loans, guarantees, insurance and credits shall be to contribute to maintaining or increasing employment of United States workers."

Since its founding in 1934, Ex-Im Bank has financed nearly \$550 billion of U.S. exports, ensuring a level playing field for U.S. goods and services in the global marketplace and supporting millions of American jobs.

In the last four years alone (FY 2009 to FY 2012), Ex-Im Bank financed \$152 billion of U.S. exports. By providing this critically needed financial support to maintain U.S. competitiveness abroad, **the Bank has helped to sustain nearly one million jobs across the country.**

In FY 2012, Ex-Im Bank

- Authorized financing to support 3,796 export transactions with a total estimated value of nearly \$50 billion.
- Helped companies through this financing to support an estimated 255,000 export-related U.S. jobs.
- Providing strong support for manufacturing, a known jobs multiplier. In 2012, we approved \$11 billion in financing for manufacturing exports – the second largest industry sector in our portfolio behind aircraft.
- Authorizations for women-owned and minority-owned small businesses reached a record \$838 million – up almost 17 percent from FY 2011.

### Ex-Im Bank's Jobs Calculation Methodology

Ex-Im Bank's jobs estimate methodology is based on the jobs-calculation methodology of the Trade Promotion Coordinating Committee (TPCC) using data computed by the Bureau of Labor Statistics (BLS), to calculate the number of jobs associated with Ex-Im-supported exports of goods and services.

The Bank uses the latest available domestic employment requirements table (ERT) as computed by the BLS to calculate the number of jobs associated with Ex-Im-supported goods and services. Derived from (i) Bureau of Economic Analysis (BEA) Input-Output tables, (ii) BEA National Income and Product Accounts data (NIPA final-demand components), and (iii) BLS industry employment data, the ERT quantifies the number of direct and indirect production-related jobs associated with a million dollars of final demand for 196 detailed industries.

The ERT is a tool produced by the BLS as an input into their employment-projections program. The TPCC identified this basic methodology as the official U.S. government calculation of jobs supported through exports.

For jobs estimates based on FY2012 Ex-Im transactions, the Bank supports 6,480 jobs per \$1 billion of U.S. exports. This is a weighted-average based on each industry's relative jobs per \$1 billion average at time of calculation.

The reduction in the number of U.S. jobs supported per \$1 billion of exports financed by Ex-Im from the previous year is consistent with the U.S. economy-wide trend – the increase in productivity mainly accounts for this reduction. The change in the composition of industries supported by Ex-Im financing also influenced the reduction.

## Record Deal Supports 18,000 U.S. Jobs

<b>Exporters/Locations:</b>	The Dow Chemical Company, Midland, Michigan; KBR Inc., Houston, Texas; Aquatech Corp., Canonsburg, Pennsylvania.; Exporters in 10 Additional States
<b>Destination Market:</b>	Saudi Arabia
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Supported:</b>	18,000

The Sadara Chemical Co., a joint venture of Saudi Aramco and Dow Chemical, developed plans for a new petrochemical complex in Saudi Arabia that will produce more than three million metric tons of specialty plastics and other chemical products each year. Building such an advanced complex requires substantial use of high-quality, specifically-designed goods and services. Thanks to a \$4.9 billion direct loan from Ex-Im Bank – the largest authorization ever by Ex-Im Bank – Sadara Chemical is using American goods and services from 70 U.S. companies, more than 20 of which are small businesses. Here in America, the result is over 18,000 jobs across 13 states, including Michigan, Pennsylvania and Texas.

"The surest way to grow our economy is to make high-value, innovative products in America and to bring them to market all over the world," said Andrew N. Liveris, chairman and CEO of Dow Chemical. "Ex-Im Bank's action will allow U.S. manufacturers to do just that – to sell equipment and services to the largest industrial complex ever built in a single phase. Thanks to the manufacturing sector's unmatched multiplier effect, this will create thousands of additional jobs across the entire economy."



Photo of KBR engineers, courtesy of The Dow Chemical Company.

## Brazilian Tourist Attraction Creates U.S. Export Opportunity

<b>Exporter/Location:</b>	International Concept Management Inc., Grand Junction, Colorado
<b>Destination Market:</b>	Brazil
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Supported:</b>	70

Thanks to experts at a company in Colorado, Brazil will soon be home to one of the largest and most technologically advanced aquariums in the world.

The Acquario Aquarium in the state of Ceará will house 500 marine species and 35,000 individual specimens in 25 separate tanks, feature two 4-D cinemas and one 3-D cinema, and include an educational platform dedicated to the research and preservation of aquatic life. The aquarium will be designed and constructed by International Concept Management Inc. (ICM), a small business headquartered in Grand Junction, Colo. Ex-Im Bank authorized a \$105 million direct loan to Ceará to finance the export of ICM's goods and services from Colorado to build this state-of-the-art facility.

The project will employ several hundred people in Colorado, with more jobs created nationally through a network of more than 15 U.S. subcontractors, suppliers and partners throughout the country. At least 90 percent of the export-contract value will be provided by American small businesses.

"We are proud to be a partner with the state of Ceará in Brazil for this very prestigious and highly visible project," said Roger R. Reynolds III, president and CEO of ICM. "The involvement of Ex-Im Bank through this lengthy development process was instrumental in bringing the financing for this project together."

When completed, Acquario will be the largest aquarium in the Southern Hemisphere and the third largest in the world, a tremendous achievement for a U.S.-based small business. The export will support an estimated 70 U.S. jobs.



Image courtesy of International Concept Management Inc.

## Increasing American Competitiveness

American companies have what it takes to win in the global economy. When given a level playing field, U.S. companies succeed the world over because of the superior quality of their goods and services.

But foreign competition in America's export markets is tough, and it's getting tougher. That is why President Obama has focused on strengthening American exports and manufacturing. The president's National Export Initiative (NEI) seeks to ratchet up the nation's already strong growth in export sales by doubling U.S. exports by the year 2015.

But in today's increasingly complex world of trade, U.S. exporters can't go it alone. Although they can compete with foreign companies on quality and price, they can't stand alone against foreign governments that bring all kinds of financing resources – both visible and hidden – to support their own exporters. There are over 60 export credit agencies around the world, and each one is working to expand its footprint and increase its activity to meet national economic goals.

Without Ex-Im Bank, many U.S. companies would be at a considerable disadvantage. In some cases, they would not compete at all due to lack of access to necessary capital. In others, the cost of export financing would be so expensive compared to their competitors' costs that U.S. companies' superior product would be priced out of the buyer's reach.

Ex-Im Bank has a critical role to play in ensuring that U.S. exporters have a fair opportunity to compete. When the availability of credit from commercial lenders is restricted or the cost is prohibitive, Ex-Im Bank can provide the financing assistance that U.S. exporters need to sell their goods and services abroad. And the Bank can step in to match financing being provided to competitors by foreign governments.

The Bank can level the playing field, both through its long-established programs and with innovative financing, such as its recent successful use of capital-markets funding. (See sidebar.)

But Ex-Im Bank cannot rest with these efforts. The fact is that as countries around the world develop, so do the types of financing made available to U.S. competitors. America needs to lead the world in developing a new framework for international export finance. As Ex-Im Bank is continuing to maintain a strong presence in global markets, the Bank is also working with other countries' governments to develop the export-financing rules to keep the competition fair.

If we get everyone playing by the same rules and adhering to the same standards, we will get more efficiency, stability and innovation. And that's good news for American companies and their workers.

### **Innovative Financing: Success with Capital Markets**

The Bank has had considerable success with capital-markets funding in the three years since the first Ex-Im-Bank-guaranteed bond was issued in October 2009 to support Boeing aircraft sales to Emirates. Among other benefits, this type of financing has opened up additional sources of funding to back U.S. exports.

By the close of FY 2012, there were 45 successful issuances, aggregating nearly \$7.5 billion in Ex-Im Bank-guaranteed financings funded by the capital markets. Activity picked up substantially in the second half of the fiscal year, with 23 issuances during the six-month period from April 2012 through the end of September.

Additionally, in FY 2012 the capital markets issued the first bond offering to fund types of U.S. exports beyond aircraft. The capital markets bought a \$400 million, 10-year bond supporting the sales of U.S. goods and services to Petróleos Mexicanos (Pemex), the national oil company of Mexico. The offering was so successful that Pemex quickly followed up with two additional issuances of \$400 million each for a total of \$1.2 billion in these financings.

The flexibility of this new funding source for Ex-Im-Bank-guaranteed transactions was demonstrated by the two successful capital-markets issuances of two-year bonds supporting the export of approximately \$75 million of engine overhaul services by Delta TechOps in Atlanta, Ga., to GOL Airlines in Brazil.

This is the kind of innovation that is enabling Ex-Im Bank to provide substantially increased financing to ensure the competitiveness of U.S. exporters in global markets without cost to the American taxpayer.



# Customer-Centered Approach

Over the past five years, Ex-Im Bank's authorizations surged by almost 150 percent. At the same time, however, funding constraints limited additional hiring and the Bank's ability to maintain a strong, modern technological infrastructure. These limitations made it difficult to implement contemporary customer-focused service innovations.



That situation changed in FY 2012. With an increase in the Bank's administrative budget approved through the congressional appropriations process, the Bank launched an unprecedented operational and technological modernization to be more customer-oriented and operationally efficient. A new, three-pronged "Total Enterprise Modernization" (TEM) plan focused on modernizing systems infrastructures, improving outdated business processes and engaging with customers in new and improved ways. The TEM initiative is transforming Ex-Im Bank into a more modern, flexible and responsive institution, with the customer at the center of our efforts.

Over the next three to five years, Ex-Im Bank will continue to implement innovations that focus on the customer, cut red tape, upgrade technology and enhance portfolio monitoring and management. A number of accomplishments from 2012 are listed as follows.

**Focusing on Customers.** Working with the White House Office of Management and Budget, Ex-Im Bank is studying customer-service strategies of pioneering companies in the private sector. To bring focus and proper implementation to the Bank's efforts, it has hired a vice president of customer experience, located in the Office of the Chairman.

**Cutting Red Tape.** In a review of transportation-industry transactions, Ex-Im Bank found that the application process required more than 200 discrete steps to complete. By eliminating redundant steps, the Bank has been able to streamline at least 25 percent of the previously required paperwork.

Similar improvements have been made to delivering short-term working capital loans to creditworthy small businesses. Through the Global Credit Express program, Ex-Im Bank is now providing these customers with direct loans that offer efficient processing, quicker turnaround on applications and streamlined reporting requirements. Similar process improvements have made the Bank's innovative Express Insurance a success with small businesses. With cost-effective pricing, quick response times and a streamlined application process, Express Insurance is helping small businesses compete with global suppliers, add foreign buyers and extend more attractive payment terms. (See 'Government at the Speed of Business' on page 12.)

**Upgrading Technology.** Through Ex-Im's Web site, [www.exim.gov](http://www.exim.gov), the Bank is providing its customers with information that makes it easy to participate in webinars about Ex-Im products, register online for Bank events, contact Ex-Im regional offices and provide feedback directly to the Bank. Ex-Im Bank has also assisted in the creation of BusinessUSA, a centralized, one-stop government Web site for American businesses that President Obama announced in January 2012.

**Enhancing Portfolio Monitoring and Management.** In light of various changes in the financial markets, Ex-Im Bank has strengthened its reserves against losses and increased monitoring of its default rate, which remains well below the default rates of commercial banks. These enhancements ensure that the Bank will remain a prudent steward of taxpayer resources and will serve as a reliable support for U.S. exporters for years to come.

## Government at the Speed of Business

For businesses in a highly competitive environment, time is of the essence. To support American exporters, Ex-Im Bank has made efficiency and timeliness a priority. We call it “Government at the Speed of Business.” More than a slogan, it is a guiding principle at the Bank.

Ex-Im Bank’s goal is to complete 80 percent of its transactions within 30 days. To achieve this goal, the Bank’s leadership and employees have streamlined processes and focus relentlessly on providing outstanding customer service and efficient turnaround times.

The results are real. In FY 2012, the Bank went above and beyond this goal, processing 90 percent of all transactions within 30 days and 98 percent within 100 days. Between FY 2009 and FY 2012, a period in which Ex-Im Bank saw a 20 percent increase in the number of new authorizations (not including renewals), the number of days needed to reach a decision decreased by more than 50 percent – from an average of 32 days in FY 2009 to an average of 15 days in FY 2012.

Even more dramatically, the time required to process long-term transactions dropped by more than 60 percent, from an average of 163 days in FY 2009 to an average of 60 days in FY 2012.

Products and initiatives that have led to increased efficiency include:

- **Express Insurance**, which helps small businesses compete with global suppliers, enter new markets, add foreign buyers and improve cash flow while extending more attractive payment terms. Since this product was launched in April 2011, it has become an extremely popular and reliable financing tool for small businesses, providing timely payment-risk protection. The Bank issued 388 Express Insurance policies that were operative at the end of FY 2012, with a risk portfolio totaling \$182.6 million. This innovative product received a prestigious “Bright Idea in Government” award from Harvard University. (See sidebar.)

- **Global Credit Express**, a direct-loan pilot program to facilitate rapid approval and processing of small-business loans up to \$500,000. The product is intended to add liquidity to the U.S. small-business market by financing the overall business of exporting, rather than specific export transactions. Ex-Im Bank is working closely with a cross-section of national, regional and community banks approved as originating financial institutions that refer applications to the Bank on behalf of their small-business customers.
- **Total Enterprise Modernization**, a top-to-bottom modernization of Ex-Im Bank information-technology systems that has enabled greater customer-service responsiveness and faster turnaround times. For example, this initiative led the Bank to consolidate application fields on customer forms by 75 percent and significantly eliminate duplication in internal participant tracking.

### Express Insurance Recognized by Harvard University as “Bright Idea in Government”



In September 2012, Ex-Im Bank’s Express Insurance policy received a “Bright Idea in Government” award from the Ash Center for Democratic Governance and Innovation at Harvard University’s John F. Kennedy School of Government. The

Bank was among 111 recipients nationwide from all levels of government – from school districts to federal agencies and public-private partnerships – that are demonstrating creative solutions to address important national and local issues such as economic development.

## Express Insurance Opens World Markets for Connecticut Manufacturer

<b>Exporter/Location:</b>	Xamax Industries Inc., Seymour, Connecticut
<b>Destination Market:</b>	China, Spain, Mexico, Canada and Malaysia
<b>Ex-Im Bank Product:</b>	Express Insurance
<b>Jobs Created:</b>	73

Xamax Industries Inc. is a Connecticut-based manufacturer of materials like specialty paper, plastics and nonwoven fabrics. These materials are sold to foreign manufacturers, where final products are assembled. Prior to using Ex-Im's Express Insurance, Xamax Industries was limited in its international sales because customers required open-account payment terms that were too risky and not acceptable to banks without insurance.

Xamax's President Martin Weinberg admits that he was skeptical when his accounting firm encouraged him to utilize Ex-Im Bank's export financing. But he attended an Ex-Im Global Access for Small Business Forum in New Haven and learned that with Ex-Im Bank insurance he could increase Xamax's overseas sales without elevating the risk.

"We wanted to go a month or two to see if Ex-Im Bank was for real," Mr. Weinberg said. "Now I know that Ex-Im Bank products are a no-brainer. The Ex-Im Bank policy lets us sell products where we otherwise could not have sold them. We have added sales in China, Spain, Mexico, Canada and Malaysia – all sales that would not have happened without Express Insurance. What Ex-Im Bank charges for insurance is fair, and the policy has changed the profile, products and future outlook for my company."

With Ex-Im's support, Xamax is now able to pursue additional buyers. "We can extend better terms to our customers," he added. "For example, we now have a positive balance in China, meaning that we sell more in China than we purchase, which is basically unheard of."



Photo courtesy of Xamax Industries Inc.

## Woman-Owned Producer of Spices and Condiments Grows Exports With Express Insurance

<b>Exporter/Location:</b>	Greek Island Spice Inc., Fort Lauderdale, Florida
<b>Destination Market:</b>	China
<b>Ex-Im Bank Product:</b>	Express Insurance
<b>Jobs Supported:</b>	12

Greek Island Spice, Inc. (GIS) is a small business in Fort Lauderdale, Fla., that has thrived since 1997 by manufacturing fresh marinades and fancy condiments. This woman-owned company began on a card table at a local garlic festival and has grown into an innovative producer of exotic fresh sauces for the food-service and food-manufacturing industries.

GIS President JoAnne Theodore learned about Ex-Im Bank products at a trade show and discovered that her company qualified for the Bank's Express Insurance. Backed by this new financing tool, GIS was ready to enter new markets and compete worldwide. The policy was administered by broker Global Business Solutions of Winston Salem, N.C., the winner of Ex-Im Bank's 2011 Broker of the Year award. Express Insurance has enabled GIS to expand sales in China, its primary market. Ex-Im-insured exports already have supported 12 jobs at the company.

"We are excited about expanding our exports to Asia. Ex-Im's Express Insurance enables us to extend attractive terms to our international buyers. And I like going into an export sale knowing that Ex-Im's insurance gives me a bona-fide buyer," said GIS President JoAnne Theodore.



Photo courtesy of Greek Island Spice Inc.

## Global Access for Small Business

Ex-Im Bank is proud to partner with America's small businesses as we work to create jobs and grow our economy. According to the U.S. Small Business Administration, small businesses create two of every three new jobs in the United States, and more than half of employed Americans either work for or own a small business. Helping small businesses reach the 95 percent of the world's consumers who live outside of the United States supports jobs here at home and is a critical part of the Bank's mission.

President Obama's National Export Initiative (NEI) has set a goal of doubling total U.S. exports by 2015. Working with the Administration, the Bank is emphasizing the role of small business in the NEI by setting goals to generate at least \$9 billion a year in annual small-business authorizations and to add a cumulative 5,000 new small-business customers by 2015.

Ex-Im Bank is working hard to achieve these goals. Over the five-year period from FY 2008 to FY 2012, the Bank nearly doubled its financial support for small-business exporters. The Bank's total FY 2012 small-business authorizations were \$6.1 billion – more than two-thirds of the NEI target authorization level.

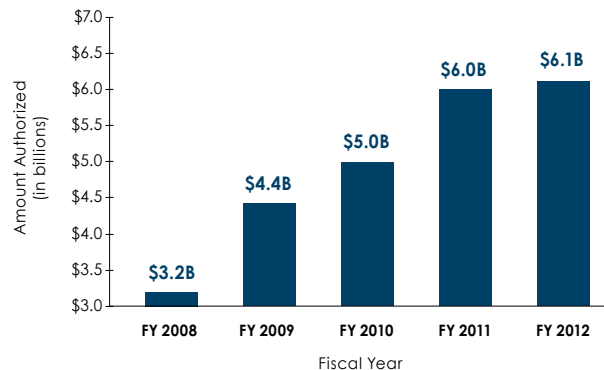
The Bank's guarantee, insurance and direct-loan support for small businesses accounted for more than 86 percent of Ex-Im's transactions every year for the past four years, with a high mark of almost 88 percent in FY 2012.

By the end of FY 2012, the Bank had added 1,900 new small businesses as customers – well on the way to achieving the NEI target.

Ex-Im Bank's goals are being reached by broadening the exporter base. Since the launch of the Global Access for Small Business initiative in January 2011, Chairman Fred Hochberg, Ex-Im board members and Bank staff have conducted direct outreach to small businesses in town-hall style discussions, known as Global Access Forums, all across the country. These forums are providing small enterprises with the insights, resources and expertise they need to reach customers beyond U.S. borders. The Bank has sponsored more than 40 Global Access Forums nationwide since January 2011, attended by thousands of participants through the end of FY 2012.

The Bank also communicates with small businesses through the small-business portal on the Bank's Web site and through free webinars. (See 'Customer-Centered Approach' on page 11.)

### Ex-Im Bank Small-Business Authorizations



Small businesses access most of the Bank's financing products through Ex-Im Online – the Bank's online application and transaction management system. In FY 2012, more than 85 percent of Ex-Im Bank's small-business transactions were submitted online.

### Small-Business Support

Ex-Im Bank is providing export financing to an increasing number of U.S. small businesses, particularly those smaller companies with fewer than 100 employees, minority-owned companies and woman-owned companies.

In FY 2012, Ex-Im Bank authorized an all-time high of \$6.1 billion in direct support to U.S. small businesses as primary exporters – 17 percent of total Ex-Im authorizations. The dollar volume represents a 1.4 percent increase over small-business authorizations in FY 2011.

The number of transactions tells an even more significant story. In FY 2012, the Bank approved a record 3,313 small-business authorizations, which constituted nearly 88 percent of the total number of Ex-Im transactions.

By the close of the fiscal year, 650 U.S. small businesses had used Ex-Im products for the first time. The Bank authorized amounts under \$500,000 for more than 1,730 small-business transactions.

While large transactions may get the headlines, Ex-Im Bank's financings for large U.S. exporters are frequently beneficial to small businesses as well. Many small enterprises serve as suppliers for U.S. exporters in large transactions and derive business indirectly from Ex-Im's long-term loans and guarantees.



These transactions typically are for \$10 million or more and/or have a repayment term in excess of seven years. At the time of authorization, the Bank captures the value provided by small-business suppliers by estimating the participation of small businesses in the overall long-term transaction.

For FY 2012, Ex-Im Bank estimates that the approximate export value of this indirect small-business support was \$1.4 billion out of a total estimated export value of \$25.3 billion. This represents more than 5.5 percent of the total estimated export value associated with the Bank's long-term transactions.

### Minority-Owned and Woman-Owned Small-Business Support

The Bank is working hard to ensure that the rich diversity of the nation's business ownership community is reflected in its increased outreach to small business and that minority-owned and woman-owned small businesses are included in the NEI drive to double U.S. exports by 2015.

In FY 2012, Ex-Im Bank authorized a historic high of \$838 million to support exports by 685 U.S. small and medium-sized businesses owned by minorities and/or women. This financing is a new record and represents a nearly 17 percent increase over FY 2011. The Bank also authorized \$295 million in working capital guarantees for these companies – 14 percent of total working capital authorizations.

### Small-Business Products

Ex-Im Bank enables U.S. small-business exporters to obtain export-credit insurance, working capital and direct loans not always available to them in private markets. In doing so, the Bank helps to ensure that small U.S. exporters get paid by their overseas customers, that they can fund the production of goods and services for export, and that foreign buyers can purchase goods and services from American small businesses.

In many cases, Ex-Im Bank is the only institution able to provide small-business exporters with the tools they need to mitigate risk and compete internationally because these firms are often too small for commercial banks to service profitably. This has been especially true during the past few years of economic uncertainty, as commercial banks have substantially diminished direct underwriting of export-finance transactions.

Ex-Im Bank's three main product lines address the three fundamental needs of small businesses. First, the Bank insures the payment of foreign receivables through export-credit insurance. Second, Ex-Im Bank funds export-related inventory and receivables through guarantees of working capital loans provided by commercial lenders under delegated lending authority, direct loans under the Bank's Global Credit Express Program and discounted receivables financing under the Supply-Chain Financing Program. Third, the Bank ensures payment sources for the foreign buyers through medium-term loans, guarantees and insurance.

#### Woman-Owned Services Company Lands Project in Saudi Arabia With Ex-Im Bank Small-Business Products

<b>Exporter/Location:</b>	Team Askin Technologies Inc., Fairfax, Virginia
<b>Destination Market:</b>	Saudi Arabia
<b>Ex-Im Bank Product:</b>	Working Capital Loan Guarantee and Single-Buyer Export-Credit Insurance
<b>Jobs Supported:</b>	25

Team Askin Technologies Inc. (TATI) is a 45-employee, woman-owned company that provides software and consulting services, including regulatory information management systems and aviation regulatory expertise. In late 2009, TATI was awarded a large multimillion dollar contract by the Kingdom of Saudi Arabia General Authority of Civil Aviation in Jeddah. The contract services included developing and implementing aviation regulations, policy and guidance materials, inspector training, safety management system programs and an authorization document system.

TATI President and CEO Debby Askin realized that her company needed working capital for this major project and obtained a \$2.8 million working capital loan from PNC Bank backed by an Ex-Im Bank guarantee. The funds were used to post the bond requirement for the project and provide more resources to complete it. The company then worked with Global Insurance Services to obtain Ex-Im Bank's single-buyer export-credit insurance policy of \$5 million to mitigate the risk of nonpayment.

"The working capital allowed us to post the 10 percent bond required by our contract," said Ms. Askin. "Most small businesses do not have that amount of disposable working capital. Thanks to the loan guarantee provided by Ex-Im Bank, we were able to obtain the funds to meet this important contract and increase our exports tenfold."



Debbie Askin, CEO of Team Askin Technologies Inc (TATI).  
Photo courtesy of TATI.

Export-credit insurance represents about one-third of the small-business activity in terms of authorization dollar-volume, but accounts for almost 90 percent of the customer activity. Working capital guarantees, Global Credit Express direct loans and Supply-Chain financing combined account for another third of the authorization dollar volume and nearly 10 percent of Ex-Im Bank's small-business customers. At present, buyer-finance (medium-term financing) represents the remaining third in authorization dollar-volume but only 1 percent of the customer base.

In FY 2012, the Bank approved \$5.7 billion in total export-credit insurance authorizations, of which small-business authorizations comprised \$3.2 billion, or 56 percent by dollar volume. Small-business use is even more pronounced when measured by the number of policies, however. The Bank issued 2,760 insurance policies to small-business exporters, representing 91 percent of the total number of insurance policies in FY 2012.

Small businesses also received the substantial majority of the Bank's working capital guarantees: almost 64 percent of these guarantees went to small businesses, totaling over \$2 billion.

## New Product

Because U.S. small-business exporters often have difficulty getting credit, Ex-Im Bank launched a direct lending pilot program called Global Credit Express to provide a source of working capital. The Bank is working with a cross-section of national, regional and community banks that have been approved as originating financial institutions that are referring applications to Ex-Im Bank. The framework to underwrite, document and fund these loans is in place, and the Bank is looking to grow small-business exports through this new product.

## Outreach to Small-Business Owners

In conjunction with the Ex-Im Bank's Global Access initiative, the Bank opened three new regional Export Finance Centers in FY 2012: Atlanta, Minneapolis and Seattle. An additional new office opened in Detroit in December 2012. These centers assist local small businesses in realizing the economic opportunities of international markets and provide them with enhanced access to Ex-Im Bank products.

### Maryland Family-Owned Company Achieves Global Success with Ex-Im Bank

<b>Exporter/Location:</b>	Patton Electronics Co., Gaithersburg, Maryland
<b>Destination Market:</b>	Worldwide
<b>Ex-Im Bank Product:</b>	Working Capital Loan Guarantee
<b>Jobs Supported:</b>	200

Patton Electronics Company of Gaithersburg, Md., is a classic family-owned, "Made It in America" success story. The start-up company was founded in 1984 by two brothers, Bobby and Burt Patton, when they were students at the University of Maryland.

Patton makes modems, routers and connectivity products for the telecommunications industry – basically the infrastructure for modern telecommunications systems. The company has been using an Ex-Im Bank-guaranteed \$4 million working capital revolving loan since 2000 to grow its international business. The line of credit enables the company to purchase inventory and finance receivables. Today, Patton Electronics sells more than 2,000 products in over 120 countries around the world. Exports make up about 70 percent of Patton's \$30 million business, and the company's workforce has grown to over 200 employees.

The company's president, Bobby Patton, has been asked why he hasn't moved his factory offshore. His response is that he would never sacrifice the quality, craftsmanship or flexibility to adapt his products to meet market needs. He believes that having his product designers working closely to the shop floor gives him a competitive edge and it allows him to innovate faster and more efficiently. For the Pattons and their customers, "Made in the USA" means something. Customers appreciate the reliability of Patton's products, straightforward approach to business and customer service.

"I truly understand the importance of international trade and the impact it can have on small business," said Patton President Bobby Patton. "It's simple: We want to ship to more countries, grow our client base and create more jobs. Ex-Im Bank's financing has helped me to sustain more than 200 jobs."



Patton Electronics Co. employees, with **President Bobby Patton** (front row, third from left) and **co-founder Burt Patton** (front row, center). Photo courtesy of Patton Electronics Co.

## Top 10 States in Ex-Im-Supported Small-Business Exports in FY 2012

Rank	State	Small-Business Export Value*
1	Texas	\$832 million
2	California	511 million
3	Florida	494 million
4	Pennsylvania	282 million
5	New York	260 million
6	Indiana	165 million
7	Georgia	151 million
8	Wisconsin	117 million
9	Minnesota	111 million
10	Ohio	110 million

## Top 10 Country Markets of Ex-Im-Supported Small-Business Exports in FY 2012

Rank	Country Market	Export Value*
1	Mexico	\$455 million
2	Colombia	106 million
3	Brazil	40 million
4	Panama	17 million
5	Turkey	14 million
6	Dominican Republic	11 million
7	Argentina	10 million
8	Canada	10 million
9	Saudi Arabia	8 million
10	Nicaragua	7 million

\* Estimated export value based on Ex-Im Bank disbursements

Ex-Im Bank also has Export Finance Centers in New York; Miami; Houston; Dallas; Chicago; Newport Beach, Calif.; San Diego and San Francisco. Staff members in all of these regional centers are focused exclusively on helping local small businesses begin exporting or expand their export sales. (See map of Ex-Im Bank Regional Export Finance Centers on page 84.)

Bank staff members have participated in 155 seminars nationwide sponsored by women-business centers, small-business associations, minority-focused chambers of commerce and other organizations. Additionally, the Bank sponsors half-day seminars for small-business owners to provide training on how to use U.S. government resources to find foreign buyers and utilize trade-finance tools.

## Increased Lender/Broker Participation

Ex-Im Bank leverages its resources on behalf of small businesses by working with private-sector lenders, insurance brokers and other financial and trade institutions. By the end of FY 2012, 132 lenders were enrolled in Ex-Im's Working Capital Guarantee Program, 114 of which have delegated authority to provide Ex-Im's guarantee for working capital loans without prior approval from the Bank. A total of nine new lenders were added to the Bank's lenders list in FY 2012.

An additional 23 brokers serving small businesses were added to the Bank's roster of 100 active brokers providing Ex-Im's insurance products.

## Ex-Im Insurance Supports Texas Small Business's Agricultural Aircraft Sales to Argentina and Brazil

<b>Exporter/Location:</b>	Air Tractor, Olney, Texas
<b>Destination Market:</b>	Argentina and Brazil
<b>Ex-Im Bank Product:</b>	Medium-Term Export-Credit Insurance
<b>Jobs Supported:</b>	135



Photo courtesy of Air Tractor.

A Brazilian soybean grower needed agricultural spray aircraft. A Texas small business manufactures the turbo prop planes that fit the bill. Ex-Im Bank authorized medium-term insurance that made the transaction possible, creating and supporting jobs in Olney, Texas.

Air Tractor is an Olney-based company that employs 270 people to build its agricultural aircraft and customized equipment. The company is an experienced exporter, selling about 2,800 aircraft to buyers on six continents since 1972. Ex-Im Bank has been an important partner in this activity. Over the past 17 years, Air Tractor has utilized Ex-Im's medium-term insurance to export approximately \$100 million worth of its planes, primarily to small private-sector buyers in Argentina and Brazil.

In the FY 2012 Brazilian transaction, Ex-Im Bank's medium-term insurance supported the export of Air Tractor's model AT-502B, a single-engine turbo-prop aircraft custom-outfitted with a 500-gallon hopper that can be utilized for firefighting, spraying, seeding or fertilizing crops in the state of Mato Grosso.

This is one of more than 40 export sales that Ex-Im Bank has helped to finance for Air Tractor, supporting 135 jobs in production and sales management.

"The export-finance products of Ex-Im Bank have been invaluable to Air Tractor in supporting our growth in the international market over the last 15 years," said David Ickert, chief financial officer of Air Tractor. "The Bank's products and hard-working employees are key to our export growth and job creation."

## Opening New Markets

As America continues its economic recovery, exports will continue to be a powerful engine driving U.S. economic growth and job creation. The HSBC Global Connections Trade Forecast, which was released in mid-2012, projects a 95 percent expansion of U.S. trade activity by 2026, with annual growth of nearly five percent expected for the next decade.

Ex-Im Bank will continue to play a key role in making possible this trade growth, supporting American exporters as they work to reach new customers abroad and create jobs here at home. The Bank enables U.S. companies to seize sales opportunities in markets where they would not otherwise be able to compete due to risks or lack of available trade credit from private-sector lenders.

The Bank is open for business in approximately 200 countries on six continents. When the private sector is unwilling or unable to provide financing, Ex-Im can assist creditworthy transactions through its principal financing products or through financing arrangements that eliminate or externalize country risks, thereby enabling businesses to increase exports and grow.

The Bank has identified nine key markets for priority focus: Brazil, Colombia, India, Indonesia, Mexico, Nigeria, South Africa, Turkey and Vietnam. These countries were selected based on number of factors, including the size of the export market for U.S. companies, projected economic growth, anticipated infrastructure demand and need for Ex-Im financing.

The infrastructure needed in these countries and other developing markets is especially significant. Over the next five years, analysts expect more than \$2 trillion in cumulative infrastructure investment in these nine countries alone. This investment will generate a tremendous increase in demand for products and services that U.S. exporters are well-positioned to provide. As a result, international infrastructure development will be an important source for American job creation.

In FY 2012:

- The largest region in Ex-Im Bank's portfolio was Asia, which the Bank defines as a region stretching from the Pacific Rim to the Middle East. At the close of FY 2012, the Bank's exposure in Asia was \$42.3 billion, a 29 percent increase from FY 2011.

- The Bank's total authorizations in Asia have increased \$4 billion over the FY 2011 level and are up \$10 billion since FY 2008. Asian authorizations in FY 2012 included financing of a nuclear-power project in the United Arab Emirates, a petrochemical project in Saudi Arabia, a telecommunications satellite to Vietnam and commercial aircraft sales to several East Asian countries, including China.
- The fastest-growing region for Ex-Im Bank financing was Oceania (including Australia), where the Bank's portfolio was \$8.3 billion at the fiscal year's end. This represents a nearly 55 percent increase over the Bank's exposure in the region at the end of FY 2011. The Bank provided strong support for U.S. exports to Australia in FY 2012, authorizing \$3.2 billion in financing for the sales of commercial aircraft, a telecommunications satellite, and equipment and services for a liquefied natural-gas project.
- Ex-Im Bank authorized nearly \$5.5 billion for U.S. exports to the nine target country markets. (See Exhibit 1A on page 45.) The greatest amount of financing activity among these countries was in Mexico, where the Bank authorized more than \$2.8 billion to support exports of telecommunications satellites, commercial aircraft, locomotives, and equipment and services for oil and gas projects of Petróleos Mexicanos (Pemex).
- The Bank continued its strong support for U.S. exports to sub-Saharan Africa, financing approximately 7 percent of U.S. merchandise exports to this region. In FY 2012, the Bank reached a historic high of over \$1.5 billion in authorizations for sub-Saharan Africa, including support for the first sale of Boeing's 787 Dreamliner aircraft to Ethiopian Airlines and sales of mining equipment by Caterpillar Inc. to Eqstra, a pan-African distributor of industrial equipment based in South Africa.



## Nuclear Project in the U.A.E “Powers” Thousands of Jobs in the United States

<b>Exporters/Locations:</b>	The Westinghouse Electric Company LLC Pittsburgh, Pennsylvania; Newington, New Hampshire; Other Suppliers in 17 States
<b>Destination:</b>	United Arab Emirates
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Supported:</b>	5,000



*Drawing of the Barakah nuclear power plant to be constructed in the U.A.E.  
Photo courtesy of the Westinghouse Electric Company.*

In a transaction that will support of thousands of American jobs, Ex-Im Bank authorized a \$2 billion direct loan in FY 2012 to the Barakah One Company of the United Arab Emirates (U.A.E.) to finance the purchase of U.S. goods and services for the construction of a nuclear power plant. The transaction is Ex-Im Bank's largest in the U.A.E. to date.

The Barakah nuclear power project will consist of four power-generating units on a coastal site along the Arabian Gulf approximately 220 kilometers from the city of Abu Dhabi.

Ex-Im Bank, in conjunction with other U.S. and U.A.E. governmental agencies, has conducted a detailed and extensive risk assessment of the project, in accord with the Bank's environmental procedures and guidelines. (See sidebar in "Renewable Energy and Environment" on page 24.)

The facility will built with U.S. equipment and expertise exported by American companies serving as exporters and suppliers in 17 states, including California, Connecticut, New Hampshire, Ohio, Pennsylvania, South Carolina and Texas.

Westinghouse Electric Company LLC, a Pittsburgh, Pa.-based group company of Toshiba Corp., will be the primary and largest exporter involved in the transaction. Westinghouse will provide reactor coolant pumps, reactor components, controls, engineering services and training for the project.



*Employees of the Westinghouse Electric Company at its facility in Newington, N.H. Included in the photo are **Westinghouse CEO Daniel L. Roderick** (front row, fourth from the right) and **Ex-Im Bank Chairman Fred P. Hochberg** (front row, sixth from the right), who visited the plant in October 2012. Photo courtesy of Westinghouse.*

With a U.S. workforce of approximately 9,000 employees, Westinghouse retails fuel, technology, plant design and equipment to the nuclear-power industry. The company's facility in Newington, N.H., will be responsible for the Barakah nuclear power project.

Ex-Im's financing for the project will support 600 jobs at Westinghouse and will also help to maintain jobs at suppliers and service companies across the country. In total, the Bank's financing will support approximately 5,000 American jobs, according to estimates derived from U.S. Census Bureau statistics.

The Barakah project demonstrates that when countries seek to modernize their energy infrastructure, the demand for U.S. expertise and manufactured equipment provides opportunities to create and sustain many good-paying jobs in the United States.

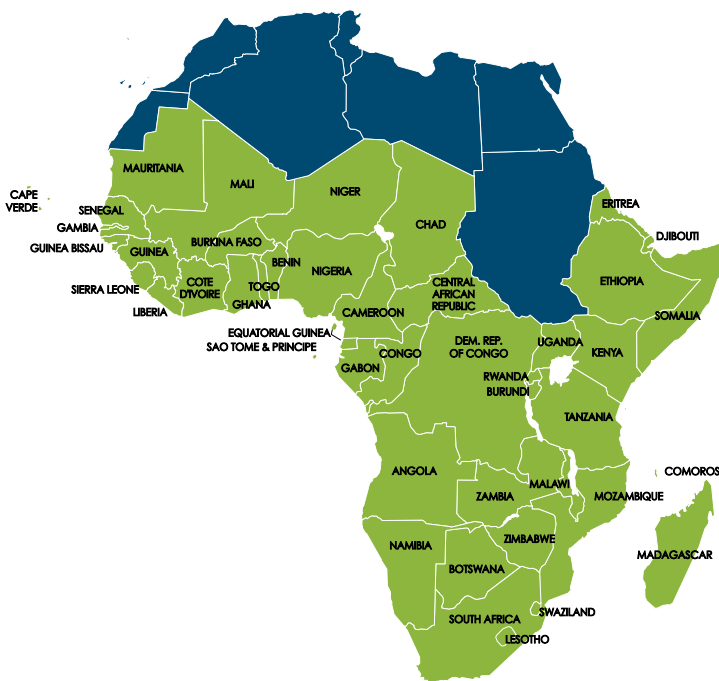
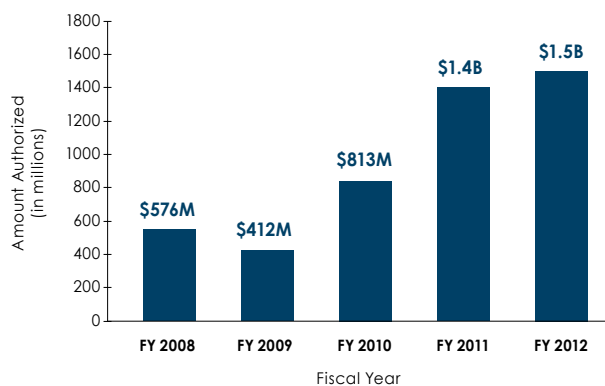
## Sub-Saharan Africa

Sub-Saharan Africa is gaining prominence for its robust economic development and is emerging as a potential growth market for American exporters. According to the World Bank, this portion of the African continent is one of the globe's fastest-growing economic regions, with a growth rate projected to exceed five percent over the next several years. This exceeds the anticipated world economic growth rate, which is expected to hover around four percent.

Ex-Im Bank is paving the way for U.S. exporters to provide the goods and services that are fueling the region's growing economy. In FY 2012, the Bank authorized over \$1.5 billion to support U.S. exports to sub-Saharan Africa – \$1.4 billion in loan guarantees, \$93 million in export-credit insurance and \$38 million in working capital guarantees. This financing surpassed Ex-Im's previous authorizations in the region by over \$100 million. In FY 2012, Ex-Im-supported exports accounted for approximately 7 percent of U.S. merchandise exports to sub-Saharan Africa.

Ex-Im's financing supported 163 U.S. export transactions in more than 20 sub-Saharan African countries, including Ethiopia, Cameroon, Ghana, Kenya, Mozambique, Nigeria and South Africa. Of the Bank's more than \$1.5 billion in sub-Saharan authorizations, \$276 million supported small-business exports, \$30 million supported exports from minority-owned and woman-owned businesses, and \$1 million supported environmentally beneficial exports.

### Ex-Im Bank Support in Sub-Saharan Africa



The Bank was instrumental in financing several noteworthy transactions this year, including

- Boeing Dreamliner B787 aircraft to Ethiopian Airways (see sidebar) and other Boeing aircraft to Comair in South Africa;
- U.S.-manufactured road-construction equipment from New Jersey-based Hoffman International Inc. to the government of Cameroon;
- Dredging equipment and spare parts from the Dredging Supply Company in Reserve, La., to Japaul Oil and Maritime Services PLC in Nigeria.

### Building Relationships with African Institutions

To facilitate U.S. export growth, Ex-Im Bank maintains strong ties with banks in South Africa, Nigeria and regional banks such as the Preferential Trade Area Bank (PTA), which is the regional intergovernmental financial organization of the Common Market for Eastern and Southern Africa (COMESA).

In August 2012, Chairman Hochberg led an Ex-Im Bank delegation that participated in the U.S.-South Africa Strategic Dialogue with U.S. Secretary of State Hillary Rodham Clinton in Pretoria, South Africa. During the trip, Ex-Im Bank signed a \$2 billion memorandum of understanding with the Industrial Development Corporation of South Africa to support U.S. exports to the nation's energy sector.

## Coordinating with Other U.S. Government Entities

Through its involvement with other federal agencies in the “Doing Business in Africa” campaign, Ex-Im Bank actively supports the Presidential Policy Directive on Africa, signed by President Obama in June 2012. The campaign is raising awareness among the American business community of the African market’s considerable potential for U.S. exports.

The Bank continues to coordinate export-driven efforts with other federal entities, including the U.S. Foreign Service, Foreign Commercial Service of the Commerce Department, U.S. Trade and Development Agency, U.S. Agency for International Development, OPIC and the Millennium Challenge Corporation. In FY 2012, Ex-Im Bank’s senior management and staff conducted business-development activities and participated in trade events with other U.S. government agencies in South Africa, Mozambique, Tanzania, Kenya and Nigeria, among other sub-Saharan countries.

## American-Made Aircraft Stimulating Economic Growth in Africa and in the United States

<b>Exporter/Location:</b>	Boeing Commercial Airplanes, Seattle, Washington; Manufacturing Facilities in Everett, Washington
<b>Destination Market:</b>	Ethiopia
<b>Ex-Im Bank Product:</b>	Loan Guarantee
<b>Jobs Supported:</b>	Tens of Thousands (overall Ex-Im Bank support)

President Obama’s presidential policy directive on Africa states that it is a U.S. priority to stimulate economic growth, trade and investment in Africa. Ex-Im Bank loan guarantees are bringing that policy to fruition and sustaining American jobs in the process.

In May 2012, Ex-Im Bank approved a loan guarantee of more than \$1 billion to Ethiopian Airlines for the export of a new fleet of Boeing 787 Dreamliners. The historic transaction, co-financed by Nippon Export and Investment Insurance, also supports the export of General Electric spare engines.



Photo courtesy of The Boeing Company.



Employee at the Boeing’s manufacturing facility in Everett, Wash.  
Photo courtesy of Boeing.

Ex-Im Bank has been a reliable economic partner of Ethiopian Airlines since 2002, supporting its ongoing fleet renewal and expansion program. The B787 aircraft is the first of its kind to be delivered outside of Japan and the first B787 to be financed by Ex-Im Bank.

Kassim Geresu, chief financial officer of Ethiopian Airlines, said, “Ex-Im Bank’s reliable and consistent support for our acquisition of state-of-the-art Boeing aircraft has been an important factor in the successful implementation of our growth strategy. Ethiopian Airlines is proud to be a good client of Ex-Im Bank, and we intend to maintain this win-win partnership between our two organizations.”

Ex-Im Bank’s support for the U.S. aerospace industry assists in creating and sustaining jobs across in the United States. For example, the B787’s manufacturer, Boeing Commercial Airplanes, employs nearly 80,000 skilled workers and has a supplier base consisting of approximately 1,200 companies that provide thousands of additional aerospace jobs throughout the country.

## Infrastructure

For the first time in history, a worldwide “middle class” is taking shape. And American exporters are poised to take advantage of this development. According to the Brookings Institution, there are currently two billion people across the globe whose socioeconomic status can be classified as middle class. By 2030, that number is expected to more than double to 4.9 billion.

The implications of this social and economic change are staggering. To accommodate larger and more prosperous populations, roads and bridges must be built, power plants constructed, telecommunications satellites launched, and facilities put in operation to provide clean water and other needs. As world living standards continue to rise, vast opportunities are created for U.S. companies and their employees to provide the goods and services to meet the growing global demand for infrastructure.

Consistent with the World Bank and OECD, Ex-Im Bank defines infrastructure to include the large physical networks necessary for the functioning of commerce, such as highways, railroads, power generation plants, pipelines, satellites and radio transmission systems. Infrastructure also includes the goods and services essential to maintaining a country’s health, cultural and social standards, including educational and healthcare equipment and services. Also included in the Bank’s definition of infrastructure are transportation components, such as aircraft and locomotives, and equipment and services related to mining industries.

In each of these categories, Ex-Im Bank assists U.S. exporters in meeting the world’s growing need for infrastructure. Through this support, the Bank is also fostering good-paying manufacturing and technology-based services jobs in the United States.

In FY 2012, Ex-Im Bank

- Authorized \$21.5 billion to support U.S. exports in infrastructure projects, including large transportation equipment. This financing represented 60 percent of total authorizations for FY 2012 and is roughly equivalent to last year’s figure.

- Approved a historic high of \$12.6 billion for long-term structured and project-finance transactions – a 46 percent increase over the previous record of \$8.6 billion set in FY 2011. The FY 2012 financing is supporting American exports for a range of infrastructure projects, including oil and gas development, power generation, mining projects, liquefied natural-gas production and telecommunications.
- Authorized a record-breaking \$1.4 billion to finance exports of U.S.-manufactured telecommunications satellites including the Bank’s largest satellite authorization in history – an increase of nearly 8 percent over the previous record of \$1.3 billion in FY 2011.
- Notable FY 2012 satellite transactions include supporting the export of three satellites and related equipment from Boeing Space and Intelligence Systems to the Mexican government for the MEXSAT regional mobile satellite system. The Bank also provided its first financings of satellite exports from Lockheed Martin Space Systems Co. to NewSat Ltd. in Australia and the government of Vietnam, respectively.
- Approved \$12.2 billion in financing to support the export of U.S.-made aviation-related goods and services, including approximately \$600 million in support of U.S.-manufactured business aircraft and helicopters. The Bank approved \$11.6 billion in financing to support the export of 154 U.S.-manufactured commercial aircraft to a total of 22 airlines and seven aircraft-leasing companies in 21 different countries, including first-time support for aircraft exports to Mongolia.
- Supported U.S. locomotive exports to Mexico and Canada through authorizations totaling approximately \$120 million.
- Provided more than \$4.5 billion authorizations to support mining projects, including \$1.2 billion for oil-and-gas exploration and development projects of Mexico’s national oil company, Pemex.



## U.S. Satellite Export Meeting Telecommunications Needs in Southeast Asia

<b>Exporter/Locations:</b>	Lockheed Martin Space Systems Company, Denver, Colorado, and Sunnyvale, California
<b>Destination Market:</b>	Vietnam
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Supported:</b>	525

Like many populations throughout the world, the people of Vietnam have a growing need for telecommunications services, television content and greater access to information. On May 15, 2012, the VINASAT-2 satellite was launched into orbit. Equipped with a payload of 24 active transponders, the new satellite is providing telecommunications coverage to Vietnam, Cambodia, Laos and Thailand.

This access to 21<sup>st</sup>-century telecommunications was made possible by an Ex-Im Bank direct loan of \$118 million to the government of Vietnam for the export of the satellite from Lockheed Martin Space Systems Company and additional goods and services. The loan was Ex-Im Bank's first satellite transaction with the Vietnamese government. According to Lockheed Martin, it financed \$215 million in export sales and supported approximately 525 jobs in the United States.

"By providing financing for Vietnam Post and Telecommunications Group, this Ex-Im Bank loan supports U.S.-manufactured satellites and U.S. jobs," said Linda Reiners, president of Lockheed Martin Space Systems Commercial Ventures.

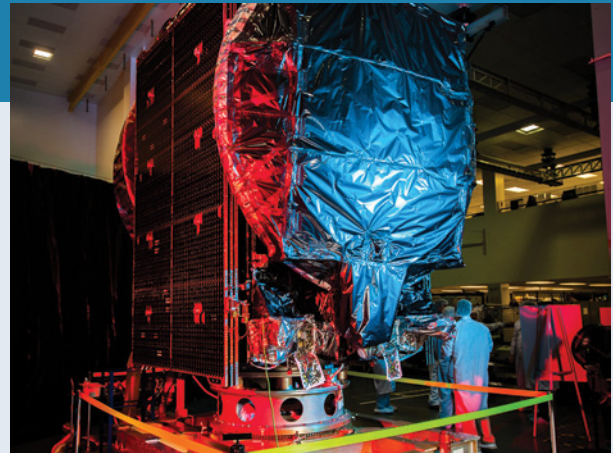


Photo courtesy of Lockheed Martin Space Systems Company.

## U.S. Exports Making Drinking Water Safe in Sri Lanka

<b>Exporters/Locations:</b>	Tetra Tech Inc., Pasadena, California; Additional Exporters in Colorado, New Jersey and Pennsylvania
<b>Destination Market:</b>	Sri Lanka
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Supported:</b>	400

In Sri Lanka, only one of every three people can access safe, potable water through pipe systems. For the remaining population, it is estimated that roughly 80 percent of the country's water supply is contaminated. Much of this is the result of the tsunami in 2004, during which tidal waves inundated the island nation's freshwater aquifer with seawater.

Ex-Im Bank has authorized a direct loan of more than \$64 million that will enable Tetra Tech Inc. of Pasadena, Calif., to construct a new water supply system in Sri Lanka. The construction will include new and rehabilitated treatment plants, storage tanks, pumping stations, a new dam, and more than 150 kilometers of transmission and distribution pipelines. When this system is in place, the government of Sri Lanka will be able to meet United Nations standards for providing safe drinking water to at least 85 percent of the population.

This transaction will support approximately 400 American jobs, with most centered in Denver and Longmont, Colo.; Morris Plains, N.J.; Langhorne, Pa.; and Fairfax, Va.

"This is the first full-scale, design-build water-supply project that Ex-Im Bank has financed for an international client," said Dan Batrack, Tetra Tech chairman and CEO. "This transaction supports high-end technical jobs in the United States and allows us to take our best water services to where they are needed the most."



Photo courtesy of Tetra Tech Inc.

## Renewable Energy and Environment

Promoting clean-energy technology from American exporters is an important priority at Ex-Im Bank. The Bank's focus on renewable-energy support assists U.S. exporters in protecting the environment while promoting and sustaining American jobs.

The environmental-technologies industry is a broad sector with great potential and considerable opportunities for exporters. U.S. companies are providing resources and expertise in a number of environmentally focused areas, including air, water and soil-pollution control; solid and toxic waste management; recycling; renewable energy; pollution prevention and resource recovery; site remediation; environmental monitoring; and water treatment for industrial and municipal water use.

According to Environmental Business International, the U.S. environmental-technologies industry in 2010 had \$312 billion in revenue and provided jobs for 1.7 million Americans, including those employed by some 61,000 small businesses. Yet exporters in these industries face challenges. Environmental technologies, as other industries, have been threatened by a global slowdown in demand. And American exporters are experiencing increased competition from countries like China.

A leader among international financial institutions with respect to the environment, Ex-Im Bank has pursued a two-pronged approach. The Bank's principal objective is to maintain U.S. exporters' competitiveness in the global marketplace while ensuring that the projects supported are environmentally responsible. In addition, since 1994, the Bank has fulfilled a congressional mandate to increase support for environmentally-beneficial U.S. exports, including those related to the production of renewable sources of energy.

### Renewable Energy

Renewable energy means jobs – U.S. jobs generated by the export of goods and services to nations making significant investments in the development of solar, wind and other clean sources of energy. The considerable expertise possessed by U.S. companies in developing renewable-energy sources makes American firms highly competitive in the global marketplace.

Support for renewable-energy exports has a beneficial multiplier effect on U.S. job creation. For example, in FY 2012, Ex-Im Bank financed the sale of solar cells to Barbados, a transaction that created good-paying jobs in five states while helping that Caribbean nation harness the power of its abundant source of solar energy.

Over the last four years (FY 2009 through FY 2012), Ex-Im Bank has provided increased financing for American-made renewable-energy exports to global markets. This support shows an overall positive trend (\$355.5 million in FY 2012, \$721.4 million in FY 2011, \$332 million in FY 2010 and \$101 million in FY 2009).

### A World Leader in Developing Environmental Procedures and Guidelines

In 1995, Ex-Im Bank became the first official export credit agency (ECA) in the world to adopt a set of environmental procedures and guidelines. Since then, the Bank has worked with stakeholders to ensure that these guidelines are implemented in a way that balances environmental stewardship with Ex-Im's mission of fostering U.S. exports.

Ex-Im Bank was instrumental in the development of the "Common Approaches on the Environment and Officially Supported Export Credits" – the international agreement that established an environmental review framework that is shared among all the ECAs within the Organization for Economic Cooperation and Development (OECD). Ex-Im Bank operates in compliance with the OECD's "Common Approaches," which were revised most recently in June 2012.

In 2009, Ex-Im Bank became the first ECA to adopt a carbon policy that addressed the climate-change concerns raised by the Bank's export-financing activities while, at the same time, remaining flexible and responsive to the needs of U.S. exporters.

Additionally, in March 2011, Ex-Im Bank joined more than 70 financial institutions and ECAs in adopting "The Equator Principles," a globally recognized benchmark for financial institutions to determine, assess and manage the social and environmental risks of international project financing.

To further the Bank's environmental mandate and encourage transparency, Ex-Im Bank also invites U.S. exporters and other stakeholders to contact the Bank regarding their views and ideas about environmental issues.

## In FY 2012, Ex-Im Bank

- Authorized \$614.5 million in financing to support over \$1.18 billion of U.S. exports of environmentally beneficial goods and services. Nearly 60 percent of these authorizations supported renewable-energy exports.
- Authorized \$355.5 million for renewable-energy exports, including \$216 million for five solar-energy projects in India that supported U.S. exports of thermal-solar equipment and solar-photovoltaic panels.
- Authorized \$80.6 million for two projects in Brazil, supporting U.S. exporters in the biogas-reclamation and wind-energy sectors.

## Other Energy-Related Support/ CO<sub>2</sub> Emissions

### In FY 2012, Ex-Im Bank

- Approved 73 transactions including loan, guarantee and working capital guarantee products and approximately 73 new and renewed export-credit insurance policies to finance U.S. exports related to foreign energy development, production and transmission. These activities include electric-power generation and transmission; coal mining; oil-field and gas-field exploration, development and production; pipelines; refineries; and landfill gas reclamation. The estimated export value of these transactions exceeded \$8.7 billion.

### Converting “Dirty” Landfill Gas in Brazil Creates Jobs in Seven States

<b>Exporter/Locations:</b>	FirmGreen Inc., Newport Beach, California; Suppliers in Six Additional States
<b>Destination:</b>	Brazil
<b>Ex-Im Bank Product:</b>	Direct Loan
<b>Jobs Created:</b>	165

In 2011, an Academy-Award-nominated documentary film, “Waste Land,” focused on Brazil’s Jardim Gramacho, one of the world’s largest solid-waste landfills and a site that generates “dirty” methane gas that causes serious environmental harm.

Thanks to the Ex-Im-supported export of equipment and services from California-based FirmGreen Inc. and other U.S. green-technology suppliers, a biogas plant is being constructed at Jardim Gramacho that will convert the site’s “dirty” methane gas into clean, usable biomethane gas.

This progress is being made possible by a \$48.6 million loan from Ex-Im Bank to support the export of U.S. equipment and services to construct the Novo Gramacho biogas project. The transaction is Ex-Im Bank’s first financing for biogas reclamation and development. Ex-Im Bank’s involvement was essential because long-term financing for renewable-energy projects is limited in Brazil.

With the backing of the Ex-Im Bank direct loan, FirmGreen was able to succeed in winning the contract for the project over European competitors backed by their governments’ export-credit agencies. The biogas project will generate 165 new jobs in seven states: Indiana, Wisconsin, Ohio, California, Michigan, Missouri and Texas.

“The loan from Ex-Im Bank is instrumental in positioning our green technology competitively worldwide,” said FirmGreen CEO Steve Wilburn. “We believe Americans can take global leadership roles in renewable technologies, and the confidence that Ex-Im Bank has demonstrated by financing this project will help us to do that.”



Photo courtesy of FirmGreen Inc.



- Financed \$736 million in U.S. export sales to three new fossil-fuel power plants. The Bank estimates that the aggregate amount of carbon-dioxide (CO<sub>2</sub>) emissions produced directly by these projects will total approximately 11.27 million metric tons per year. Of this amount, 2.07 million metric tons is estimated to be produced by two gas-fueled combined-cycle power plant projects in Turkey and 9.20 million metric tons by one gas-fueled combined-cycle power plant project in Saudi Arabia.
- Financed \$8.9 billion in U.S. export sales for the development of three oil-field and gas-field development projects, one liquefied natural gas production project and one petrochemical production project. The Bank estimates that the aggregate amount of CO<sub>2</sub> emissions produced directly by these projects will total approximately 11.63 million metric tons per year. Of this amount, 1.79 million metric tons is estimated to be produced by the oil-field and gas-field development and production projects, 5.60 million metric tons by the liquefied natural gas production project, and 4.24 million metric tons by the petrochemical production project.

### Transparency and Reporting of Greenhouse-Gas Emissions

In 1999, Ex-Im Bank became the first ECA to report greenhouse-gas emissions, expressed as carbon dioxide or equivalent (CO<sub>2</sub>e), associated with projects receiving its financing support. Since that time, the Bank has worked consistently to encourage multilateral development banks, ECAs and other international lending institutions to calculate and report publicly the CO<sub>2</sub> emissions associated with the projects they finance.

Currently, Ex-Im Bank reports CO<sub>2</sub> emission data for new and existing projects on the Bank's Web site and in its annual report. The Bank reports CO<sub>2</sub> emissions associated with fossil-fuel projects in the following categories: oil and gas exploration and production projects, refineries, power plants, liquefied natural-gas (LNG) plants and pipeline projects.

Ex-Im Bank also tracks and reports CO<sub>2</sub> in other categories of transactions in which the project's production exceeds more than 50,000 tons of CO<sub>2</sub> per year.

### New York Bio-Tech Company Exports Worldwide Backed by Ex-Im's Environmental Insurance

<b>Exporter/Location:</b>	Ecological Laboratories Inc., Lynbrook, New York
<b>Destination Market:</b>	Asia, Europe and Other Markets Worldwide
<b>Ex-Im Bank Product:</b>	Small-Business Environmental Insurance
<b>Jobs Created:</b>	6

Ecological Laboratories Inc., a small business in Lynbrook, N.Y., selects, grows and produces bio-formulations specifically to meet the requirements of on-site wastewater systems. The company's bio-formulations are backed by over 27 years of experience in the field of industrial microbiology. Ecological Laboratories has 55 employees, with six working directly on international sales.

The company has been using a small-business environmental insurance policy from Ex-Im Bank to offer open-account terms to international buyers, especially those in new markets. Ex-Im's small-business environmental policy features a global premium-rate schedule, no deductible and enhanced political risk coverage. Qualified small-business environmental exporters can maintain the policy even if they exceed the usual small-business policy threshold of \$7.5 million in export-credit sales averaged over three years.

"We do trade around the globe now – Singapore, Italy, China, the UK – all over the world," said Ecological Laboratories President Michael Richter, who was a panelist at an Ex-Im Global Access for Small Business Forum on Long Island in April 2011. "We are able to make these sales due to the credit backing of Ex-Im Bank. To our small business, it is the greatest selling tool for opening new international business."



Photo courtesy of Ecological Laboratories Inc.



# Industries

Ex-Im Bank has identified a number of key industries with particularly high potential for increased U.S. exports and related strong job growth: agribusiness, aircraft and avionics, construction, mining, oil and gas, and power generation, including renewable energy. These industries not only support American jobs, they support the needs of global markets that offer U.S. exporters some of their best opportunities for sales growth.

In FY 2012, Ex-Im Bank

- Authorized more than \$4.8 billion to support U.S. goods and services exports related to petroleum development and refining.
- Approved more than \$2.7 billion to support exports to power-generation projects around the globe, including nearly \$2 billion to support the export of American equipment and service-expertise from Westinghouse Electric Co. and other U.S. companies for the construction of a nuclear-power plant in the U.A.E.
- Provided \$355.5 million in financing for U.S. exports related to renewable-energy production, including \$216 million for five solar projects in India and \$80.6 million for two projects in Brazil, supporting U.S. exporters in the biogas-reclamation and wind-energy sectors.

- Authorized more than \$10.5 billion to finance service exports, including engineering, design, construction, computer software, oil and gas drilling, architecture, transportation services, legal services, training and consulting. This support represents an increase of 110 percent over FY 2011 authorizations and is up more than 460 percent from FY 2008.

- Supported more than \$712 million of U.S. agribusiness exports that included farm equipment, commodities, livestock, chemicals, supplies and services.

- Approved \$125 million to provide liquidity and risk protection to U.S. textile mills.

## Authorizations in Top Sectors

(\$ millions)	FY 2009	FY 2010	FY 2011	FY 2012
Oil and Gas	1,424	4,643	4,835	4,571
Mining	17	896	150	140
Agribusiness	363	634	830	628
Renewable Energy	90	332	720	356
Construction	187	231	1,240	203
Medical Equipment	138	114	190	112
Aircraft and Avionics	9,321	7,246	12,620	11,513
Power Generation	1,359	581	2,220	2,764

## Expanding a Services Company's Reach Beyond North America

<b>Exporters/Locations:</b>	Boyle Energy Services & Technology Inc., Manchester, New Hampshire
<b>Destination:</b>	Worldwide
<b>Ex-Im Bank Product:</b>	Short-Term Export-Credit Insurance
<b>Jobs Created:</b>	10

For New Hampshire-based Boyle Energy Services and Technology Inc. (BES&T), its customer base used to be limited to North American neighbors, Mexico and Canada. Thanks to the support of short-term export-credit insurance from Ex-Im Bank, oceans have been crossed and the company is thriving through sales to international markets beyond North America.

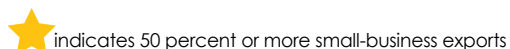
The longest active independent commissioning service provider in the United States, BES&T optimizes energy performance in new power and energy infrastructure construction projects. BES&T's services have reduced greenhouse-gas emissions and eliminated millions of gallons of hazardous waste at numerous facilities.

Now, the company's environmentally beneficial work is being done worldwide. Utilizing Ex-Im's short-term, multibuyer insurance policy, BES&T now exports its services to numerous global markets: Bahrain, Egypt, Kuwait, Lithuania, Algeria, Spain, Greece, United Kingdom, Uzbekistan, Nigeria, India, Australia, Saudi Arabia, Guatemala and Colombia. Exports now constitute 60 percent of the company's \$15 million annual sales figure, and international sales have grown by 75 percent over the last three years. The company has hired 10 employees to support the increase in global business.



Photo courtesy of Boyle Energy Services & Technology Inc.

Exports from small businesses make up 50 percent or more of Ex-Im-supported exports in over half of the states in the nation.



Note: Estimated Ex-Im Bank-assisted exports per state with percentages by small businesses. Estimates are based on disbursements of Ex-Im financing in FY 2012.

# 2012 Financial Report

## Fiscal Year 2012 Authorizations Summary

(\$ millions)

Program	Number of Authorizations		Amount Authorized		Estimated Export Value		Program Budget Used	
	2012	2011	2012	2011	2012	2011	2012	2011
<b>Loans</b>								
Long-Term Loans	18	17	\$11,751.7	\$6,315.0	\$9,702.7	\$5,437.2	\$ –	\$ 6.9
Medium-Term Loans	2	1	12.8	7.9	15.8	11.8	0.4	–
<b>Total Loans</b>	<b>20</b>	<b>18</b>	<b>11,764.5</b>	<b>6,322.9</b>	<b>9,718.5</b>	<b>5,449.0</b>	<b>0.4</b>	<b>6.9</b>
<b>Guarantees</b>								
Long-Term Guarantees	92	97	14,879.6	15,479.4	14,968.3	15,729.7	1.8	1.7
Medium-Term Guarantees	62	81	186.8	693.0	229.3	801.3	13.2	8.9
Working Capital Guarantees	594	606	3,254.1	3,228.0	19,358.6	12,290.4	3.4	2.1
<b>Total Guarantees</b>	<b>748</b>	<b>784</b>	<b>18,320.5</b>	<b>19,400.4</b>	<b>34,556.2</b>	<b>28,821.4</b>	<b>18.4</b>	<b>12.7</b>
<b>Export-Credit Insurance</b>								
Short-Term	2,934	2,836	5,534.3	6,765.0	5,534.3	6,765.0	34.3	24.4
Medium-Term	94	113	165.0	238.8	179.9	269.7	19.0	24.1
<b>Total Insurance</b>	<b>3,028</b>	<b>2,949</b>	<b>5,699.3</b>	<b>7,003.8</b>	<b>5,714.2</b>	<b>7,034.7</b>	<b>53.3</b>	<b>48.5</b>
<b>Grand Total</b>	<b>3,796</b>	<b>3,751</b>	<b>\$35,784.3</b>	<b>\$32,727.1</b>	<b>\$49,988.9</b>	<b>\$41,305.1</b>	<b>\$72.1</b>	<b>\$68.1</b>

## FY 2012 Small-Business Authorizations

(\$ millions)

	Number		Amount	
	2012	2011	2012	2011
Export-Credit Insurance	2,760	2,649	\$3,233.9	\$3,273.6
Working Capital Guarantees	505	522	2,075.8	2,150.6
Guarantees and Direct Loans	48	76	813.2	613.1
<b>Grand Total</b>	<b>3,313</b>	<b>3,247</b>	<b>\$6,122.9</b>	<b>\$6,037.3</b>

## FY 2012 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Africa Multinational					11,000,000
Albania					20,736,302
Algeria					109,733,986
Angola					426,055,520
Anguilla					90,943
Antigua and Barbuda					19,539,754
Argentina		4,193,465	27,406,769	31,600,234	347,372,682
Armenia					63,427
Aruba					1,532,108
Australia	3,146,617,932	11,332,039	2,520,000	3,160,469,971	4,682,567,204
Austria			225,000	225,000	165,464,405
Azerbaijan					133,609,378
Bahamas					6,319,348
Bahrain					257,492,693
Bangladesh					242,217,198
Barbados			6,416,926	6,416,926	9,597,267
Belarus					313,058
Belgium			562,500	562,500	18,361,449
Belize					4,690,324
Benin			90,000	90,000	123,600
Bermuda					502,823
Bolivia			63,000	63,000	3,655,722
Bosnia-Herzegovina					21,401,043
Botswana					303,698
Brazil	157,866,290	807,151,465	63,345,241	1,028,362,996	3,301,461,475
Brunei					198,149
Bulgaria					3,207,315
Burkina Faso					2,631,320
Cameroon		37,216,157	270,000	37,486,157	47,384,752
Canada		178,180,466	4,727,700	182,908,166	1,937,932,105
Canary Islands					3,609,230
Cape Verde					887
Cayman Islands		70,594,977		70,594,977	76,805,252
Chile		1,072,332,714	14,405,475	1,086,738,189	2,226,786,679
China		1,175,240,080	8,225,731	1,183,465,811	2,264,182,247
Colombia	371,734,025		3,018,500	374,752,525	3,686,518,109
Congo					3,080
Congo, Democratic Republic of			721,717	721,717	914,835
Costa Rica		2,904,194	7,145,476	10,049,670	60,901,814
Côte d'Ivoire					101,069,655
Croatia					9,886,199
Cuba					36,266,581
Cyprus		5,905,310	10,658,700	16,564,010	33,442,157
Czech Republic			270,000	270,000	63,456,314
Denmark			135,000	135,000	6,133,110



## FY 2012 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Dominica					582,473
Dominican Republic		651,669	29,539,208	30,190,877	660,243,248
Ecuador			1,960,000	1,960,000	71,560,534
Egypt			1,237,500	1,237,500	540,138,179
El Salvador			25,382,500	25,382,500	77,396,229
Equatorial Guinea					433,119
Eritrea			270,000	270,000	270,000
Estonia			22,500	22,500	2,608,496
Ethiopia		1,205,080,933		1,205,080,933	1,853,533,290
Fiji					106,756
Finland			270,000	270,000	4,997,793
France	66,243,347		4,450,500	70,693,847	88,430,902
French Guiana					2,557
French Polynesia					91,052
Gabon					13,730,812
Gambia					7,984
Georgia					486,103
Germany			1,449,000	1,449,000	44,523,333
Ghana		2,320,199		2,320,199	570,186,235
Gibraltar					35,765
Greece			4,720,500	4,720,500	7,720,611
Grenada					3,663,720
Guatemala			13,162,126	13,162,126	48,397,878
Guinea					6,048,817
Guyana					1,147,937
Honduras		1,680,157	4,455,000	6,135,157	198,861,350
Hong Kong		1,071,328,440	2,790,000	1,074,118,440	2,908,493,511
Hungary			990,000	990,000	72,701,486
Iceland			45,000	45,000	1,396,439
India	203,827,877	2,508,028	2,828,045	209,163,950	6,520,558,785
Indonesia		19,882,597		19,882,597	1,726,469,282
Iraq			4,382,825	4,382,825	4,382,825
Ireland	87,936,354	1,183,870,584	342,000	1,272,148,938	4,948,122,944
Israel		1,373,943	405,000	1,778,943	580,445,416
Italy		1,084,083	3,330,000	4,414,083	81,022,188
Jamaica		10,095,407		10,095,407	47,220,018
Japan			1,440,000	1,440,000	245,348,231
Jordan			3,800,000	3,800,000	7,443,004
Kazakhstan					631,159,309
Kenya					303,786,705
Korea, Republic of		537,921,483	805,119	538,726,602	2,948,034,071
Kosovo					190,000
Kuwait					264,637,841
Kyrgyzstan					276
Latvia					242,022

## FY 2012 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Lebanon			3,173,475	3,173,475	8,258,091
Liberia			45,000	45,000	135,000
Liechtenstein					35,094
Lithuania					1,117,832
Luxembourg		4,767,208		4,767,208	1,191,913,200
Madagascar			99,081	99,081	511,214
Malawi					12,052
Malaysia			135,000	135,000	167,927,149
Maldives					48,152
Mali					7,127,159
Malta					602,466
Mauritania			1,892,361	1,892,361	3,675,659
Mauritius					2,837,971
Mexico		2,487,611,779	338,226,137	2,825,837,916	9,508,998,345
Micronesia					2,660
Monaco			2,070,000	2,070,000	2,106,125
Mongolia		85,274,825		85,274,825	85,357,807
Montenegro					17,199,189
Montserrat					12,411
Morocco		93,019,357		93,019,357	487,560,854
Mozambique					1,385,369
Namibia					41,000
Netherlands		91,558,932	2,160,000	93,718,932	1,364,274,574
New Caledonia					194,714
New Zealand		2,897,727		2,897,727	621,641,695
Nicaragua			14,812,500	14,812,500	47,569,544
Niger			45,000	45,000	45,000
Nigeria		17,174,661	2,517,500	19,692,161	178,704,094
Norway		160,573,500		160,573,500	781,511,474
Oman					58,593,876
Pakistan			651,906	651,906	774,056,165
Panama			31,378,419	31,378,419	922,091,484
Papua New Guinea					3,000,340,900
Paraguay			4,913,483	4,913,483	7,283,957
Peru			67,102,551	67,102,551	495,992,267
Philippines		273,456,000		273,456,000	368,735,319
Poland			720,000	720,000	5,520,869
Portugal			270,000	270,000	2,441,789
Qatar					853,428,278
Romania					92,634,802
Russia		210,277,657	3,674,360	213,952,017	475,214,049
Samoa					10,750
Saudi Arabia	5,523,354,190		6,667,853	5,530,022,043	7,339,358,094
Senegal					9,009,496

## FY 2012 Authorizations by Market

(in dollars)	Loans	Guarantees	Insurance	Total Authorizations	Exposure
Serbia			332,500	332,500	152,832,263
Sierra Leone			151,224	151,224	231,272
Singapore		260,371,628	7,736,553	268,108,181	1,810,590,463
Slovak Republic					16,251,651
Slovenia					183,110
South Africa		128,707,165	900,000	129,607,165	1,046,889,777
Spain	8,558,974		10,287,513	18,846,487	283,511,209
Sri Lanka	64,892,724			64,892,724	82,565,221
St. Kitts and Nevis					147,048
St. Lucia					435,590
St. Vincent and Grenadines					549,836
Sudan					28,246,331
Suriname					1,919,477
Sweden			112,500	112,500	7,466,574
Switzerland			855,000	855,000	81,854,265
Tahiti					6,744
Taiwan			895,500	895,500	402,328,561
Tajikistan					73,000,000
Tanzania					3,635,118
Thailand					419,672,358
Togo			153,010	153,010	219,136
Tonga					765
Trinidad and Tobago	27,202,825		90,000	27,292,825	118,903,291
Tunisia					2,548,345
Turkey		733,003,049	4,118,189	737,121,238	4,089,942,988
Turks and Caicos					1,107,376
Uganda					1,984,353
Ukraine		168,640,519	3,120,000	171,760,519	287,728,070
United Arab Emirates	1,988,220,958	1,330,320,760	4,071,934	3,322,613,652	6,699,779,242
United Kingdom		6,049,627	1,782,000	7,831,627	978,312,634
United States of America		4,844,391,388		4,844,391,388	8,641,343,524
Uruguay			4,469,455	4,469,455	35,526,989
Uzbekistan					50,463,628
Various Countries Unallocable					71,852,653
Venezuela					47,598,671
Vietnam	118,081,740	9,364,201	270,000	127,715,941	291,294,534
Virgin Islands (British)		9,836,705		9,836,705	23,723,491
West Indies (British)					360,416
West Indies (French)					555,960
Zambia		340,170		340,170	4,969,842
Zimbabwe					69,603
<b>Subtotal</b>	<b>11,764,537,236</b>	<b>18,320,485,248</b>	<b>778,184,562</b>	<b>30,863,207,046</b>	<b>100,478,515,094</b>
<b>Multibuyer Insurance, Short-Term</b>			<b>4,921,136,127</b>	<b>4,921,136,127</b>	<b>6,167,923,102</b>
<b>Grand Total</b>	<b>11,764,537,236</b>	<b>18,320,485,248</b>	<b>5,699,320,689</b>	<b>35,784,343,173</b>	<b>106,646,438,196</b>

## FY 2012 Loans and Long-Term Guarantee Authorizations

Authorization Date	Obligor Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
<b>AUSTRALIA</b>						
5/3/12	Australia Pacific LNG Processing Pty Ltd. Bechtel Power Corp.	085675	1	Engineering Services	\$2,865,507,932	
7/19/12	Jabiru Satellite Ltd. Lockheed Martin Space Science Systems Co. Newsat Ltd.	086539	1	Satellite	\$281,110,000	
9/6/12	Virgin Blue International Airlines The Boeing Co.	086259	2	Commercial Aircraft (Credit Increase)		\$10,000,000
9/28/12	Downer Edi Mining Pty Ltd. Royal Equipment Inc. Downer Edi Ltd.	085047	1	Mining Machinery and Equipment		\$1,332,039
<b>Australia Total</b>					<b>\$3,146,617,932</b>	<b>\$11,332,039</b>
<b>BRAZIL</b>						
11/9/11	Lider Taxi Aéreo S.A. Sikorsky Aircraft Corp.	086118	1	Helicopters (Credit Increase)		\$749,028
11/10/11	Berneck & Cia HawkerBeechcraft Corp.	086043	1	Business Aircraft	\$4,295,025	
4/5/12	VRG Linhas Aéreas S.A. Delta Technology LLC	086610	1	Aircraft Engine Overhauls		\$84,794,130
5/17/12	Gas Verde S.A. FirmGreen Inc. Arcadis Logos Energia S.A.	086561	2	Equipment and Services for the Construction of the Novo Gramacho Biogas-Reclamation Project	\$48,571,265	
5/31/12	Tam Linhas Aéreas S.A. The Boeing Co.	087039	2	Commercial Aircraft		\$614,273,750
5/31/12	Wind Power Energia, S.A. LM Wind Power Blades Inc.	086774	2	Wind-Turbine Blades		\$32,091,997
6/14/12	Lider Taxi Aéreo S.A. Sikorsky Aircraft Corp.	086822	1	Helicopters		\$60,894,983
9/27/12	Brazilian State of Ceará International Concept Management Inc. Ministry of Planning, Budget and Management	085092	1	Design and Construction of Acquario (Aquarium) in Fortaleza	\$105,000,000	
<b>Brazil Total</b>					<b>\$157,866,290</b>	<b>\$792,803,888</b>
<b>CAMEROON</b>						
4/11/12	Ministry of Economy, Planning and Regional Development Hoffman International Inc.	085132	1	Road-Construction Machinery		\$37,216,157
<b>Cameroon Total</b>						<b>\$37,216,157</b>
<b>CANADA</b>						
11/14/11	Bombardier Inc. Advanced Integration Technology Inc.	085022	3	Machining Equipment		\$25,889,938
2/2/12	WestJet Airlines Ltd. The Boeing Co.	086747	2	Commercial Aircraft		\$76,290,528
2/23/12	Iron Ore Co. of Canada Harnischfeger Corp., Electro-Motive Diesel Inc. Quebec North Shore & Labrador Railway Co.	086602	3	Locomotives, Rail Cars, Mining Equipment		\$76,000,000
<b>Canada Total</b>						<b>\$178,180,466</b>

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- 2) To meet competition from a foreign officially sponsored export-credit agency.
- 3) Not identified due to insufficient information.



## FY 2012 Loans and Long-Term Guarantee Authorizations

Authorization Date	Obligor Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
<b>CAYMAN ISLANDS</b>						
7/26/12	Jackson Square International Holdings LP The Boeing Co.	087264	2	Commercial Aircraft		\$70,594,977
<b>Cayman Islands Total</b>						<b>\$70,594,977</b>
<b>CHILE</b>						
5/31/12	Lan Airlines S.A. The Boeing Co.	087050	2	Commercial Aircraft		\$1,069,497,807
<b>Chile Total</b>						<b>\$1,069,497,807</b>
<b>CHINA</b>						
5/31/12	Air China The Boeing Co.	086127	2	Commercial Aircraft		\$830,201,280
5/31/12	China Southern Airlines The Boeing Co.	087009	2	Commercial Aircraft		\$336,804,000
<b>China Total</b>						<b>\$1,167,005,280</b>
<b>COLOMBIA</b>						
12/30/11	Refinería de Cartagena S.A. Great Western Supply	083939	2	Engineering Services	\$371,734,025	
<b>Colombia Total</b>						<b>\$371,734,025</b>
<b>CYPRUS</b>						
11/4/11	KSG Agricultural and Industrial Holding Ltd. Deere & Co. Agro Trade House Dneprovsky LLC	513830	2	Farm Machinery and Equipment for Use in Ukraine		\$1,202,822
<b>Cyprus Total</b>						<b>\$1,202,822</b>
<b>ETHIOPIA</b>						
10/27/11	Ethiopian Airlines The Boeing Co.	085792	1	Commercial Aircraft		\$192,696,419
5/31/12	Ethiopian Airlines The Boeing Co.	081763	1	Commercial Aircraft		\$1,012,384,514
<b>Ethiopia Total</b>						<b>\$1,205,080,933</b>
<b>FRANCE</b>						
11/3/11	Eutelsat Communications S.A. Space Systems/Loral Inc.	085499	1	Satellite	\$66,243,347	
<b>France Total</b>						<b>\$66,243,347</b>
<b>HONG KONG</b>						
2/21/12	Cathay Pacific Airways Ltd. The Boeing Co.	086551	2	Commercial Aircraft		\$1,071,328,440
<b>Hong Kong Total</b>						<b>\$1,071,328,440</b>
<b>INDIA</b>						
11/4/11	Samalkot Power Ltd. General Electric Co. Reliance Power Ltd.	085664	2	Turbines and Generators	\$2,183,643	
4/5/12	Rajasthan Sun Technique Energy Private Areva Solar Inc. E.I. Dupont de Nemours and Co.	086436	2	Solar Technology and Semiconductor (Mirror)	\$80,329,383	

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- 2) To meet competition from a foreign officially sponsored export-credit agency.
- 3) Not identified due to insufficient information.

## FY 2012 Loans and Long-Term Guarantee Authorizations

Obligor		Credit	Additionality Code**	Product	Loans	Guarantees
Authorization Date	Principal Supplier Guarantor*					
5/17/12	Azure Solar Private Ltd. First Solar Inc.	086455	1	Thin-Film Solar Photovoltaic Modules	\$63,974,872	
6/28/12	Mahindra Suryaprakash Private Ltd. First Solar Inc.	086794	1	Thin-Film Solar Photovoltaic Modules	\$34,359,263	
6/28/12	Solarfield Energy Two Private Ltd. First Solar Inc.	086796	1	Thin-Film Solar Photovoltaic Modules	\$22,980,716	
<b>India Total</b>					<b>\$203,827,877</b>	
<b>INDONESIA</b>						
1/20/12	Lion Air The Boeing Co.	083158	2	Commercial Aircraft (Credit Increase)		\$2,175,873
3/23/12	Lion Air Hawker Beechcraft Corp.	086778	2	Business Aircraft		\$17,706,724
<b>Indonesia Total</b>						<b>\$19,882,597</b>
<b>IRELAND</b>						
10/20/11	Heli-One Canada Inc. Sikorsky Aircraft Corp.	085920	2	Helicopters	\$87,936,354	
12/9/11	Ryanair Ltd. The Boeing Co.	086519	2	Commercial Aircraft		\$493,394,417
3/29/12	Avolon Aerospace Leasing Ltd. The Boeing Co.	086812	2	Commercial Aircraft		\$141,258,506
5/1/12	AWAS Aviation Trading Ltd. The Boeing Co.	085696	2	Commercial Aircraft (Credit Increase)		\$2,500,000
5/30/12	CIT Aerospace The Boeing Co.	086983	2	Commercial Aircraft		\$217,338,776
7/26/12	Ryanair Ltd. The Boeing Co.	087239	2	Commercial Aircraft		\$204,204,000
9/27/12	AWAS Aviation Trading Ltd. The Boeing Co.	086944	2	Commercial Aircraft		\$39,386,000
9/27/12	AWAS Aviation Trading Ltd. The Boeing Co.	086953	2	Commercial Aircraft		\$85,788,885
<b>Ireland Total</b>					<b>\$87,936,354</b>	<b>\$1,183,870,584</b>
<b>ITALY</b>						
1/5/12	Arg Energie S.R.L. Northern Power Systems	085589	1	Wind Turbines (Credit Increase)		\$149,307
1/5/12	Eoland S.R.L. Northern Power Systems	085947	1	Wind Turbines (Credit Increase)		\$750,102
1/5/12	Purenergy Land S.R.L. Northern Power Systems	085948	1	Wind Turbines (Credit Increase)		\$184,674
<b>Italy Total</b>						<b>\$1,084,083</b>
<b>JAMAICA</b>						
12/8/11	Jamaica Public Services Co. Ltd. AFL Telecommunications LLC, AGT Services Inc., et. al.	086559	2	Electrical-Power Distribution Equipment		\$10,095,407
<b>Jamaica Total</b>						<b>\$10,095,407</b>
<b>KOREA, REPUBLIC OF</b>						
1/26/12	Korean Air Lines The Boeing Co.	086730	2	Commercial Aircraft		\$131,081,206

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## FY 2012 Loans and Long-Term Guarantee Authorizations

Authorization Date	Obligor Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
5/30/12	Korean Air Lines The Boeing Co.	087000	2	Commercial Aircraft		\$276,840,277
5/31/12	Asiana Airlines The Boeing Co.	086969	2	Commercial Aircraft		\$130,000,000
<b>Korea, Republic of Total</b>						<b>\$537,921,483</b>
<b>LUXEMBOURG</b>						
12/8/11	Cargolux Airlines International S.A. The Boeing Co.	084399	2	Commercial Aircraft (Credit Increase)		\$4,767,208
<b>Luxembourg Total</b>						<b>\$4,767,208</b>
<b>MEXICO</b>						
1/12/12	Ferrosur S.A. de C.V. General Electric Co.	086262	1	Locomotives		\$41,921,315
2/23/12	Central Panuco S.A de C.V. Keppel AmFELS Inc. Perforadora Central S.A. de C.V.	086493	2	Mobile Offshore Drilling Rig		\$131,600,000
5/30/12	Petróleos Mexicanos Nabors Industries Inc., et. al. Pemex Exploración y Producción	086912	2	Equipment and Services for Oil and Gas Projects		\$100,000,000
5/30/12	Petróleos Mexicanos Noble Drilling Corp., et. al. Pemex Exploración y Producción	086924	2	Equipment and Services for Oil and Gas Projects		\$500,000,000
5/30/12	Petróleos Mexicanos Nabors Industries Inc., et. al. Pemex Exploración y Producción	086925	2	Equipment and Services for Oil and Gas Projects		\$400,000,000
5/30/12	Petróleos Mexicanos Nabors Industries Inc., et. al. Pemex Exploración y Producción	086926	2	Equipment and Services for Oil and Gas Projects		\$200,000,000
6/21/12	Aerovías de México S.A. de C.V. The Boeing Co.	087066	2	Commercial Aircraft		\$130,728,000
7/12/12	Government of Mexico Boeing Space and Intelligence Systems Orbital Sciences Corp. Ministry of Finance	084912	1	Satellites		\$921,830,504
<b>Mexico Total</b>						<b>\$2,426,079,819</b>
<b>MONGOLIA</b>						
5/31/12	MIAT Mongolian Airlines The Boeing Co.	086991	2	Commercial Aircraft		\$85,274,825
<b>Mongolia Total</b>						<b>\$85,274,825</b>
<b>MOROCCO</b>						
2/29/12	Royal Air Maroc The Boeing Co.	078791	2	Commercial Aircraft		\$93,019,357
<b>Morocco Total</b>						<b>\$93,019,357</b>

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## FY 2012 Loans and Long-Term Guarantee Authorizations

Authorization Date	Obligor Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
<b>NETHERLANDS</b>						
5/31/12	Transavia Airlines C.V. The Boeing Co.	087111	2	Commercial Aircraft		\$83,226,946
7/12/12	KLM Royal Dutch Airlines The Boeing Co.	085776	2	Commercial Aircraft (Credit Increase)		\$8,331,986
<b>Netherlands Total</b>						<b>\$91,558,932</b>
<b>NEW ZEALAND</b>						
11/3/11	Air New Zealand The Boeing Co.	085450	2	Commercial Aircraft (Credit Increase)		\$2,897,727
<b>New Zealand Total</b>						<b>\$2,897,727</b>
<b>NORWAY</b>						
8/30/12	Norwegian Air Shuttle ASA The Boeing Co.	084212	2	Commercial Aircraft		\$160,573,500
<b>Norway Total</b>						<b>\$160,573,500</b>
<b>PHILIPPINES</b>						
5/30/12	Philippine Airlines The Boeing Co.	087074	2	Commercial Aircraft		\$273,456,000
<b>Philippines Total</b>						<b>\$273,456,000</b>
<b>RUSSIA</b>						
5/31/12	Utair Aviation The Boeing Co.	086502	1	Commercial Aircraft		\$144,000,000
8/16/12	OJSC VTB Leasing P&H Mining Equipment Inc.	087038	2	Electric Shovel		\$66,277,657
<b>Russia Total</b>						<b>\$210,277,657</b>
<b>SAUDI ARABIA</b>						
1/5/12	Hajr for Electricity Production Co. Siemens Energy Inc.	085953	1	Gas and Steam Turbines for Qurayyah Independent Power Project	\$548,000,001	
9/27/12	Sadara Chemical Co. The Dow Chemical Co., KBR Inc., Aquatech International Corp., et. al.	085466	1	Engineering Services and Equipment for Sadara Petrochemical Complex	\$4,975,354,189	
<b>Saudi Arabia Total</b>						<b>\$5,523,354,190</b>
<b>SINGAPORE</b>						
5/30/12	BOC Aviation The Boeing Co.	087008	2	Commercial Aircraft		\$260,371,628
<b>Singapore Total</b>						<b>\$260,371,628</b>
<b>SOUTH AFRICA</b>						
11/14/11	Eqstra Holdings Ltd. Caterpillar Inc. MCC Contracts Pty Ltd.	085800	1	Mining Equipment		\$16,519,915
5/30/12	Comair Ltd. The Boeing Co.	085158	1	Commercial Aircraft		\$112,187,250
<b>South Africa Total</b>						<b>\$128,707,165</b>

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## FY 2012 Loans and Long-Term Guarantee Authorizations

Authorization Date	Obligor Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
<b>SPAIN</b>						
8/14/12	Abener Energia S.A. Solutia Inc. Abengoa S.A.	086485	1	Photovoltaic Materials	\$8,558,974	
<b>Spain Total</b>					<b>\$8,558,974</b>	
<b>SRI LANKA</b>						
7/12/12	Ministry of Finance and Planning Tetra Tech Inc.	086903	1	Water-Supply System	\$64,892,724	
<b>Sri Lanka Total</b>					<b>\$64,892,724</b>	
<b>TRINIDAD AND TOBAGO</b>						
5/3/12	Ministry of Finance, Planning and Development Harris Corp.	085557	1	Digital Communications System	\$27,202,825	
<b>Trinidad And Tobago Total</b>					<b>\$27,202,825</b>	
<b>TURKEY</b>						
11/3/11	Turk Hava Yollari AO The Boeing Co.	086075	2	Commercial Aircraft		\$157,916,311
1/19/12	Habas Sinai Ve Tibbi Gazlar Istihsal End General Electric Co.	086253	1	Gas and Steam Turbines		\$121,524,442
3/8/12	Turk Hava Yollari AO The Boeing Co.	086075	2	Commercial Aircraft		\$317,863,875
3/15/12	AK Finansal Kiralama A.S. Gulfstream Aerospace Corp.	085886	2	Business Aircraft		\$28,918,650
4/26/12	Pegasus Airlines The Boeing Co.	085639	2	Commercial Aircraft (Credit Increase)		\$3,450,346
6/21/12	AK Finansal Kiralama A.S. Gulfstream Aerospace Corp.	087164	2	Business Aircraft		\$26,724,600
8/2/12	Bis Enerji Elektrik Uretim A.S. GE Packaged Power Inc. Turkiye Halk Bankasi A.S.	087215	2	Gas and Steam Turbines		\$66,509,098
<b>Turkey Total</b>						<b>\$722,907,322</b>
<b>UKRAINE</b>						
12/9/11	PJSC Poltavskoe Hpp Chief Industries Inc. Kernel Holding S.A.	086068	1	Grain-Storage Silos and Equipment		\$14,934,026
4/11/12	Ferrexpo Poltava Mining Caterpillar, Solar Turbines Inc. Ferrexpo Ag	086752	1	Trucks, Tractors Bulldozers and Mining Equipment		\$21,978,698
8/16/12	Ferrexpo Yeristovo GOK LLC Caterpillar Inc. Ferrexpo Ag	086753	2	Trucks, Tractors and Bulldozers		\$22,042,800
9/6/12	PJSC Rise-Company Deere & Co. Urkland Farming PLC	086748	1	Combines and Tractors		\$58,207,333
9/6/12	PJSC Rise-Company Deere & Co. Urkland Farming PLC	087244	1	Grain-Storage Silos and Equipment		\$22,626,555
<b>Ukraine Total</b>						<b>\$139,789,412</b>

\*Not all guarantors are reported for private-sector authorizations.

\*\* "Additionality" is defined as the probability that a transaction would not go forward without Ex-Im Bank support. The following "Additionality" codes are applied to loan and long-term guarantee authorizations to indicate the primary purpose identified for seeking the Bank's support.

- 1) To overcome limitations in private-sector financing, including (a) to assume commercial or political risk that the exporter or private financial institutions are unwilling or unable to undertake and (b) to overcome maturity or other limitations in private-sector export financing. Beginning in FY2013, in accordance with 12 U.S.C. Section 635g(h) as amended May 2012, the Bank will separately report reasons 1(a) and 1(b).
- 2) To meet competition from a foreign officially sponsored export-credit agency.
- 3) Not identified due to insufficient information.



## FY 2012 Loans and Long-Term Guarantee Authorizations

	Obligor					
Authorization Date	Principal Supplier Guarantor*	Credit	Additionality Code**	Product	Loans	Guarantees
UNITED ARAB EMIRATES						
12/9/11	Emirates Airline The Boeing Co.	086572	2	Commercial Aircraft		\$297,714,741
1/12/12	Etihad Airways The Boeing Co.	085961	2	Commercial Aircraft		\$281,754,994
5/10/12	Etihad Airways The Boeing Co.	085961	2	Commercial Aircraft		\$311,207,438
5/30/12	Emirates Airline The Boeing Co.	087054	2	Commercial Aircraft		\$318,240,000
9/6/12	SPV Abu Dhabi Westinghouse Electric Co. Abu Dhabi Department of Finance	084728	1	Nuclear Power Plant Components and Services	\$1,988,220,958	
9/27/12	Flydubai The Boeing Co.	087112	2	Commercial Aircraft		\$117,529,500
United Arab Emirates Total					\$1,988,220,958	\$1,326,446,673
UNITED KINGDOM						
12/16/11	CWE Northwind Ltd. Northern Power Systems Inc.	086271	1	Wind Turbines		\$6,049,627
United Kingdom Total						\$6,049,627
VIETNAM						
9/27/12	Government of Vietnam Lockheed Martin Space Science Systems Co. Ministry of Finance	084837	1	Satellite	\$118,081,740	
Vietnam Total					\$118,081,740	
MISCELLANEOUS						
12/1/11	Atlas Air Inc. The Boeing Co.	086438	1	Commercial Aircraft		\$864,766,813
5/3/12	Aviation Capital Group Corp. The Boeing Co.	085190	2	Commercial Aircraft		\$242,392,800
5/10/12	Textron Financial Corp. Cessna Aircraft Co., Bell Helicopter Textron Inc.	086851	1	Business Aircraft and Helicopters		\$350,000,000
1/11/12	Private Export Funding Corp. (PEFCO)	003048	N/A	Interest on PEFCO's Own Debt		\$133,187,986
Miscellaneous Total						\$1,590,347,599
GRAND TOTAL					\$11,764,537,236	\$14,879,621,415

\*Not all guarantors are reported for private-sector authorizations.

\*\* "Additionality" is defined as the probability that a transaction would not go forward without Ex-Im Bank support. The following "Additionality" codes are applied to loan and long-term guarantee authorizations to indicate the primary purpose identified for seeking the Bank's support.

- 1) To overcome limitations in private-sector financing, including (a) to assume commercial or political risk that the exporter or private financial institutions are unwilling or unable to undertake and (b) to overcome maturity or other limitations in private-sector export financing. Beginning in FY2013, in accordance with 12 U.S.C. Section 635g(h) as amended May 2012, the Bank will separately report reasons 1(a) and 1(b).
- 2) To meet competition from a foreign officially sponsored export-credit agency.
- 3) Not identified due to insufficient information.

# Management's Discussion and Analysis of Results of Operations and Financial Condition

For the Years Ended September 30, 2012, and September 30, 2011

## Executive Summary

The Export-Import Bank of the United States (Ex-Im Bank or the Bank) is an independent executive agency and a wholly owned U.S. government corporation. Ex-Im Bank is the official export-credit agency of the United States. Its mission is to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank does not compete with private-sector lenders but provides export-financing products that fill gaps in trade financing. We assume credit and country risks that the private sector is unable or unwilling to accept. We also help to level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters. The Bank's charter requires reasonable assurance of repayment for the transactions it authorizes and the Bank closely monitors credit and other risks in its portfolio.

Ex-Im Bank authorized \$35,784.3 million of loans, guarantees and insurance for fiscal year (FY) 2012 in support of an estimated \$49,988.9 million of U.S. export sales and of an estimated 255,000 U.S. jobs. This is a 9.3 percent increase over authorizations for FY 2011 of \$32,727.1 million and the highest level of authorizations in any fiscal year of the Bank's 78-year history. This change stems from an increase in demand driven primarily by the lack of available private-sector liquidity, the overall growth in U.S. exports, which, since the announcement of the National Export Initiative in 2010 has grown nearly 38 percent, the Bank's ability to respond to the resulting financing gaps, and its implementation of a five-year strategic plan. Over the past five fiscal years, annual authorizations have increased from \$14,398.9 million to \$35,784.3 million, (up 148.5 percent), in support of estimated U.S. export sales which increased from \$19,597.2 million to \$49,988.9 million (up 155.1 percent).

The productivity contributed by each Ex-Im employee has significantly increased over the past five years as measured by the dollar amount and number of authorizations. In FY 2012, the average dollar amount of authorizations per employee was \$90.9 million, up from \$40.1 million in FY 2008, an increase of 126.7 percent. The average number of authorizations per employee was 9.6 in FY 2012, up from 7.5 in FY 2008, an increase of 28.0 percent. Ex-Im Bank credits these increases to its continuing focus on streamlining its bankwide operations as well as the commitment and dedication of its employees.

Ex-Im Bank had \$1,001.6 million in offsetting collections in FY 2012 and \$701.1 million in FY 2011. These funds are used to cover administrative and program costs. In FY 2012 and FY 2011, \$400.0 million and \$275.0 million, respectively, were sent to the U.S. Treasury due to a rescission. The remaining funds will be used to cover future program costs.

Ex-Im Bank reports under generally accepted accounting principles in the United States applicable to federal agencies (government GAAP). Under government GAAP standards, Ex-Im Bank's net excess costs over revenue for FY 2012 was \$751.5 million and net excess costs over revenue for FY 2011 was \$207.4 million. The increase in net costs is mostly the result of an upward re-estimate in guarantee loss reserves in FY 2012 versus a downward re-estimate in FY 2011, leading to much higher provision for credit loss in FY 2012 when compared to FY 2011.

New small-business authorizations increased by 1.4 percent in FY 2012 and totaled \$6,122.9 million, representing 17.1 percent of total authorizations. These totals compare to new small-business authorizations in FY 2011 that equaled \$6,037.3 million representing 18.4 percent of total authorizations. In FY 2012, the number of transactions that were made available for the direct benefit of small-business exporters increased by 2.0 percent to 3,313 transactions (87.3 percent of total transactions), compared to 3,247 small-business transactions (86.6 percent of total transactions) in FY 2011. Due to the effects of the recent recession and the resulting credit crisis, private insurers discontinued offering coverage to many of their previous customers.

Over the past five fiscal years, Ex-Im Bank's direct support for the small-business sector has increased from \$3,190.2 million to \$6,122.9 million. Of the total small-business support, \$5,309.7 million (86.7 percent) and \$5,424.2 million (89.8 percent), in FY 2012 and FY 2011, respectively, is from working capital guarantees and export-credit insurance authorizations.

Ex-Im Bank currently has exposure in over 178 countries throughout the world. Total exposure increased by 19.6 percent to \$106,646.4 million at September 30, 2012, compared to \$89,152.0 million at September 30, 2011. Of this total, the Bank's largest exposure is in the air-transportation sector, accounting for 46.3 percent of total exposure at September 30, 2012 and 48.2 percent at September 30, 2011. The highest geographic concentration of exposure is in Asia, with 39.7 percent of total exposure at September 30, 2012, and 36.9 percent at September 30, 2011.

While most of Ex-Im Bank's financings are denominated in U.S. dollars, Ex-Im Bank also guarantees notes denominated in certain foreign currencies. In FY 2012, Ex-Im Bank approved \$1,721.2 million in foreign-currency-denominated transactions. Total outstanding foreign-currency exposure at September 30, 2012, was \$8,620.3 million, which was 8.1 percent of total exposure. The Bank expects that its demand for authorizations denominated in a currency other than the U.S. dollar will continue to be strong, given its borrowers' interest in matching debt-service costs with their earnings.

Due to the financial crisis that has occurred over the past few years, private-sector financial institutions are reluctant to participate in long-term export financing. As such, Ex-Im Bank has supported better rated borrowers in FY 2012. The overall weighted-average risk rating for new authorizations improved in FY 2012 for short-term rated, medium-term, and long-term export-credit authorizations to 3.23 compared to a weighted-average risk rating of 3.81 for authorizations as of September 30, 2011. In FY 2012, 74.0 percent of Ex-Im Bank's short-term rated, medium-term, and long-term new authorizations were in the level 1 to 4 range (AAA to BBB-) while 26.0 percent were rated level 5 to 8 (BB+ to B-).

The overall weighted-average risk rating for the outstanding portfolio improved from 3.87 in FY 2011 to 3.66 in FY 2012. The improvement in the weighted-average risk rating is a result of new FY 2012 authorizations that were better rated than the portfolio average.

Over the years, there has been a shift in Ex-Im Bank's portfolio from primarily sovereign and other public-sector borrowers to primarily private-sector borrowers. Between FY 2008 and FY 2012, exposure to public-sector obligors has decreased from 40.5 percent to 30.7 percent, while exposure to private-sector obligors has increased from 59.5 percent to 69.3 percent.

In FY 2010, Ex-Im Bank began implementing a strategic plan which reinforces the Bank's ability to accomplish its mission, serve a prominent role in the Obama Administration's National Export Initiative and meet its congressional mandates in future years. The Bank's vision is to create and sustain U.S. jobs by substantially increasing the number of companies it serves and expanding their access to global markets. The strategic plan consists of three primary goals:

- Expand awareness of Ex-Im Bank services through focused business development and effective partnerships.
- Improve ease of doing business for customers.
- Create an environment that fosters high performance and innovation.

For instance, Ex-Im Bank implemented Express Insurance, which provides small businesses with payment risk protection, allows the extension of competitive credit terms to foreign buyers and enables small businesses to obtain lender financing of receivables through the assignment of policy proceeds. It also delivers a five-day turnaround on policy quotation and two buyer-credit decisions on a simple, streamlined application platform. The Express Insurance program has been recognized with a "Bright Idea in Government" award from the Ash Center for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government.

Through implementation of its strategic plan, Ex-Im Bank hopes to get more U.S. companies to export to more countries and more customers and thereby create more jobs in the United States.

## I. Mission and Organizational Structure

### Congressional Authorization and Mission

Ex-Im Bank is an independent executive agency and a wholly owned U.S. government corporation that was first organized as a District of Columbia banking corporation in 1934. Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act of 1990 (P.L. 101-508) (FCRA). The Export-Import Bank Reauthorization Act of 2012 extended the Bank's authority until September 30, 2014. In accordance with its enabling legislation, continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic extensions granted by Congress.

Ex-Im Bank's mission is to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank supports U.S. exports by providing export financing through its loan, guarantee and insurance programs in cases where the private sector is unable or unwilling to provide financing or where such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. The Bank's charter requires reasonable assurance of repayment for the transactions the Bank authorizes, and the Bank closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees and export-credit insurance. All Ex-Im Bank obligations carry the full faith and credit of the U.S. government.

### Products

From a portfolio perspective, guarantees made up the largest portion (62.7 percent and 68.8 percent) of Ex-Im Bank's exposure at September 30, 2012, and September 30, 2011, respectively.

(in millions)	FY 2012		FY 2011	
Outstanding Guarantees	\$54,133.5	50.8%	\$47,844.0	53.7%
Outstanding Loans	12,354.1	11.6%	8,109.7	9.1%
Outstanding Insurance	2,689.4	2.5%	2,444.8	2.7%
Outstanding Claims	1,499.2	1.4%	1,677.6	1.9%
<b>Total Outstanding</b>	<b>70,676.2</b>	<b>66.3%</b>	<b>60,076.1</b>	<b>67.4%</b>
Undisbursed Loans	16,404.2	15.4%	8,622.7	9.7%
Undisbursed Guarantees	12,726.7	11.9%	13,585.1	15.2%
Undisbursed Insurance	6,839.3	6.4%	6,868.1	7.7%
<b>Total Undisbursed</b>	<b>35,970.2</b>	<b>33.7%</b>	<b>29,075.9</b>	<b>32.6%</b>
<b>Total Exposure</b>	<b>\$106,646.4</b>	<b>100.0%</b>	<b>\$89,152.0</b>	<b>100.0%</b>

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers commercial and political risks for up to 85 percent of the U.S. contract value.

When needed, Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. Ex-Im Bank's direct loans generally carry fixed-interest rates permitted for the importing country and term under the Arrangement on Guidelines for Officially Supported Export Credits negotiated among members of the Organisation for Economic Co-operation and Development (OECD).

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, while loans and guarantees extended under the long-term loan program usually have repayment terms in excess of seven years.

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's working capital guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest.

Ex-Im Bank's Export Credit Insurance Program helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

## **Reasonable Assurance of Repayment**

Ex-Im Bank's charter requires a reasonable assurance of repayment for all credit authorizations in order to ensure that Ex-Im Bank balances support for U.S. export transactions with protection of taxpayer resources.

The Bank's Board of Directors, or a Bank officer acting pursuant to delegated-approval authority from the Board of Directors, makes the final determination of reasonable assurance of repayment, taking into consideration staff recommendations. Transactions resulting in over \$10 million in exposure generally require the approval of the Board of Directors.

## **Budgeting for New Authorizations Under the FCRA**

Under the FCRA, the U.S. government budgets for the present value of the estimated cost of credit programs. For Ex-Im Bank, the cost is determined by analyzing the net present value of expected cash receipts and cash disbursements associated with all credits authorized during the year. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include claim payments and loan disbursements. Ex-Im Bank collects fees that cover program obligations and administrative costs.

When expected cash disbursements exceed cash receipts, there is a net outflow of funds, resulting in a "cost" to the Bank. This cost is sometimes referred to as subsidy or program cost. Ex-Im Bank is required to annually estimate this cost and to seek budget authority from Congress to cover that cost. New loans and guarantees with a program cost cannot be committed unless sufficient budget authority is available to cover the calculated credit cost.

When expected cash receipts exceed cash disbursements, there is a net inflow of funds to Ex-Im Bank. The net inflow to the Bank is a "negative" subsidy or program revenue. Prior to FY 2008, the amount of program revenue was not credited or retained by the Bank but instead was transferred to a general fund receipt account at the U.S. Treasury upon disbursement of the underlying credit.

In FY 2008, Congress changed how budget authority is provided to the Bank to cover (1) the estimated costs for that portion of new authorizations where fees are insufficient to cover expected losses (subsidy or program cost) and (2) administrative expenses. At the start of the fiscal year, the U.S. Treasury provides Ex-Im Bank with an appropriation warrant for program costs as well as administrative expenses. The amount of the warrant is established by spending limits set by Congress. Fees collected during the year that are in excess of expected losses (offsetting collections) are retained by Ex-Im Bank and used to repay the warrant received at the start of the year, resulting in a net appropriation of zero and the Bank being self-financing for budgetary purposes.

This change occurred as a result of an ongoing in-depth analysis of the Bank's historical net default experience in relation to the fees collected on its credit programs. The analysis shows that fees collected were not only sufficient to cover credit losses, they were also sufficient to cover administrative costs. In fact, since the inception of FCRA in 1990, the Bank has returned to the U.S. Treasury \$6.0 billion more than it received in appropriations for program and administrative costs.

Although Ex-Im Bank no longer receives appropriations, Congress continues its oversight of the Bank's budget, setting annual limits on its use of funds for program and administrative expense obligations.

### **Organizational Structure**

Ex-Im Bank's headquarters are located in Washington, D.C. with business development efforts supported through 11 regional offices across the country.

Ex-Im Bank is divided into the following key functional areas:

**Board of Directors:** The Board of Directors consists of the president of the Bank, who also serves as the chairman, the first vice president of the Bank, who serves as vice chairman, and three additional directors. All are appointed by the president of the United States with the advice and consent of the Senate. The Board authorizes the Bank's major transactions and includes an Audit Committee.

**Office of the Chairman:** The president serves as the chief executive officer of the Bank and chairman of the Board of Directors. The president represents the Board generally in its relations with other officers of the Bank, with agencies and departments of the government, and with others having business with the Bank. The president has general charge over the business of the Bank.

**Credit Management Group:** The Credit Management Group is responsible for reviewing the creditworthiness of certain proposed transactions and reviewing transactions for compliance with the Bank's individual authority by-laws. This group also evaluates the technical aspects and environmental impact of proposed projects, and is responsible for country risk and economic analysis.

**Export Finance Group:** The Export Finance Group is responsible for the origination and processing of transactions for most lines of business (except for small-business products), as well as transaction servicing, operations and business development.

**Small Business Group:** The Small Business Group leads the Bank's outreach to small-business exporters and includes Ex-Im Bank's 11 regional offices, which focus on small-business outreach as well as the Business Credit and Short-Term Trade Finance groups.

**Office of the General Counsel:** The Office of the General Counsel provides legal counsel to the Bank's management, staff, and the Board of Directors and negotiates and documents the Bank's transactions. The Office of the General Counsel also ensures that the Bank complies with all applicable laws and regulations.

**Office of the Chief Financial Officer:** The Office of the Chief Financial Officer is responsible for all financial operations of the Bank, including budget formulation and execution, treasury, internal audit, credit accounting and servicing, financial reporting, asset monitoring and management, claims and recoveries, and portfolio review.

**Office of Policy and Planning:** The Office of Policy and Planning is responsible for policy development and analysis and serves as the Bank's liaison with the OECD and Berne Union.

**Office of Resource Management:** The Office of Resource Management directs human resources, contracting, technology management, agency administration, and operating services.

**Office of Communications:** The Office of Communications is responsible for marketing, public affairs and external affairs.

**Office of Congressional Affairs:** The Office of Congressional Affairs is responsible for the Bank's relations with Congress and other government agencies.

**Office of Inspector General:** The Office of Inspector General is an independent office within the Bank created by law to conduct and supervise audits, inspections and investigations relating to the Bank's programs and supporting operations; to detect and prevent waste, fraud and abuse; and to promote economy, efficiency and effectiveness in the administration and management of the Bank's programs.

## **II. Financial Accounting Policy**

The accompanying FY 2012 and FY 2011 financial statements have been prepared in accordance with generally accepted accounting principles in the United States applicable to federal agencies. The format of the financial statements and footnotes are in accordance with form and content guidance provided in Circular A-136, *Financial Reporting Requirements*, revised as of August 3, 2012, issued by the Office of Management and Budget (OMB). Circular A-136 details the financial data required to be disclosed, the assertions and reviews over financial information that must be performed and suggests the presentation of such information.

Ex-Im Bank follows OMB Circular A-11 as the primary guidance for calculating the program cost associated with the Bank's transactions. In accordance with this guidance, the



amount of program cost calculated on the Bank's transactions authorized after FCRA and the associated fees collected equates to the loss allowance on these transactions, and is disclosed as such on the financial statements and related notes.

### III. Mission and Congressional Mandates

#### **Facilitate U.S. Exports to Support U.S. Jobs**

Ex-Im Bank supports U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank's programs offer effective financing support, enabling exporters to win export sales where such support is necessary to match officially supported foreign competition and to fill financing gaps due to the lack of available commercial financing. Exports and the jobs they support are a critical component of the U.S. economy, with exports representing about 14.0 percent of the U.S. gross domestic product.

In FY 2010, Ex-Im Bank's chairman established a five-year strategic plan designed to build on the strengths of the organization, substantially increasing the number of companies it serves and expanding their access to global markets, as well as meeting its congressional mandates in future years. The strategic plan consists of three primary goals:

- Expand awareness of Ex-Im Bank services through focused business development and effective partnerships.
- Improve ease of doing business for customers.
- Create an environment that fosters high performance and innovation.

This strategic plan is designed to help guide efforts at all levels of the organization and is used as a foundation for strategic and operational discussions internally. The plan identified nine target countries (Mexico, Brazil, Colombia, Turkey, India, Indonesia, Vietnam, Nigeria and South Africa), developing business plans and outreach efforts for each one. Authorizations for the target countries are shown in Exhibit 1A.

#### **Exhibit 1A: Target Country Authorizations by Fiscal Year**

(in millions)					
Authorizations	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Mexico	\$1,436.1	\$1,693.2	\$2,234.4	\$1,707.7	\$2,836.6
Brazil	874.9	436.2	552.9	409.7	1,037.8
Turkey	586.4	220.9	634.5	2,104.0	737.1
Colombia	6.5	1.4	17.9	3,727.0	374.8
India	1,004.7	2,201.3	53.2	2,876.8	209.2
South Africa	0.4	2.0	1.8	937.4	129.6
Vietnam	–	1.9	0.7	1.1	127.7
Indonesia	5.2	279.5	328.3	550.7	19.9
Nigeria	98.4	194.0	47.2	21.7	19.7
<b>Total</b>	<b>\$4,012.6</b>	<b>\$5,030.4</b>	<b>\$3,870.9</b>	<b>\$12,336.1</b>	<b>\$5,492.4</b>

Ex-Im also re-aligned its procedures to be more customer-focused and developed new products to further support exporters, especially small businesses. These new products include:

Global Credit Express Pilot Loan Program for small-businesses specially designed to deliver short-term working capital loans directly to creditworthy small-business exporters. Through this new program, exporters may be eligible for a six-month or 12-month revolving line of credit of up to \$500,000. Global Credit Express adds liquidity to the U.S. small business export market by financing the business of exporting rather than specific export transactions.

In FY 2010, Exim Bank initiated a Supply Chain Finance Guarantee Program (SCF Program), which is designed to support U.S. exporters and their U.S.-based suppliers, many of whom are small and medium sized companies. Under the SCF Program, lenders will purchase accounts receivable owned by the suppliers and due from the exporter. Ex-Im Bank provides a 90 percent guarantee on the repayment obligation of the exporter. The purchase of accounts receivable allows suppliers to receive immediate payment of their invoices, decreases their cost of funds, allows them to bid more competitively and enables them to better fulfill new orders and maintain or create jobs. The exporters benefit by having the option to extend payment terms without imposing undue financial hardship on their suppliers.

Express Insurance, which provides small-businesses with payment-risk protection, allows the extension of competitive credit terms to foreign buyers and enables small businesses to obtain lender financing of receivables through the assignment of policy proceeds. It also delivers a five-day turnaround on policy quotation and two buyer-credit decisions on a simple, streamlined application platform. The Express Insurance program has been recognized with a "Bright Idea in Government" award from the Ash Center for Democratic Governance and Innovation at Harvard University's John F. Kennedy School of Government.

Also in FY 2012 the Bank began a multiyear project to modernize IT systems infrastructure. The Total Enterprise Modernization (TEM) project will make long-deferred technology investments and focus on transforming business processes to grow the Bank's capacity to meet customer needs and enhance long-term capabilities of the Bank.

#### **Results: FY 2012 Authorizations**

The Bank has responded to a record level of financing requests this year to provide export financing on behalf of U.S. companies expanding foreign sales and sustaining and creating jobs. In FY 2012, Ex-Im Bank approved \$35,784.3 million in authorizations. This is a 9.3 percent increase over authorizations of \$32,727.1 million in FY 2011.

The authorizations supported an estimated U.S. export value of \$49,988.9 million for FY 2012 and \$41,305.1 million in FY 2011 and an estimated 255,000 and 288,000 U.S. jobs in FY 2012 and FY 2011, respectively. The increasing level of authorizations is due primarily to the lack of available private-sector liquidity, the overall growth in U.S. exports, which since the announcement of the National Export Initiative in 2010 has grown nearly 38 percent, the Bank's ability to respond to the resulting financing gaps and continued implementation of the Bank's five-year strategic plan. Full-year authorizations increased from \$14,398.9 million to \$35,784.3 million during the past five fiscal years as shown in Exhibit 1B.

#### Exhibit 1B: Authorizations by Fiscal Year

(in millions)					
Authorizations	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
<b>Long Term</b>					
Loans	\$356.0	\$3,025.5	\$4,255.5	\$6,315.0	\$11,751.7
Guarantees	8,101.5	9,628.5	10,225.0	15,479.4	14,879.6
Subtotal, Long-Term	8,457.5	12,654.0	14,480.5	21,794.4	26,631.3
<b>Medium Term</b>					
Loans	—	—	5.1	7.9	12.8
Guarantees	697.0	315.2	702.5	693.0	186.8
Insurance	228.0	237.3	312.9	238.8	165.0
Subtotal, Medium-Term	925.0	552.5	1,020.5	939.7	364.6
<b>Short Term</b>					
Working Capital	1,380.9	1,531.0	2,178.5	3,228.0	3,254.1
Insurance	3,635.5	6,275.8	6,788.3	6,765.0	5,534.3
Subtotal, Short-Term	5,016.4	7,806.8	8,966.8	9,993.0	8,788.4
Tied Aid	—	7.8	—	—	—
<b>Total Authorizations</b>	<b>\$14,398.9</b>	<b>\$21,021.1</b>	<b>\$24,467.8</b>	<b>\$32,727.1</b>	<b>\$35,784.3</b>

#### Facilitate U.S. Exports by Small Businesses

Small businesses are major creators of jobs in America. The Bank's mandate from Congress places significant emphasis on supporting small business exports. In addition, the Bank's charter states: "The Bank shall make available, from the aggregate loan, guarantee and insurance authority available to it, an amount to finance exports directly by small-business concerns (as defined under Section 3 of the Small Business Act) which shall be not less than 20 percent of such authority for each fiscal year."

Ex-Im Bank's Small Business Group provides a bankwide focus on small-business support with overall responsibility for expanding and overseeing small business outreach. This group is responsible for helping to provide small businesses with financial assistance to increase export sales and for

acting as a liaison with the Small Business Administration and other departments and agencies in the U.S. government in matters affecting small businesses.

Ex-Im Bank's programs play an important role in providing export-finance support to small businesses that have the ability to expand and create American jobs. In 1978, Ex-Im Bank introduced its first short term export-credit insurance policy tailored for small business. Since this introduction, Ex-Im Bank has been designing and implementing programs and policies to meet the needs of the U.S. small-business exporter.

#### Results: FY 2012 Small-Business Authorizations

Ex-Im Bank's objective is to grow small-business authorizations in the context of a reasonable assurance of repayment and in response to market demand. Total small-business authorizations continue to grow and were at a record level. New small-business authorizations in FY 2012 increased 1.4 percent to \$6,122.9 million as compared with new small-business authorizations for FY 2011 of \$6,037.3 million. In FY 2012, small-business authorizations represented 17.1 percent of total authorizations compared to 18.4 percent of total authorizations in FY 2011. During FY 2012, the number of transactions that were made available for the direct benefit of small-business exporters increased by 2.0 percent to 3,313 transactions (87.3 percent of the total number of transactions), compared to 3,247 transactions (86.6 percent of the total number of transactions) in FY 2011. Over the past five fiscal years, Ex-Im Bank's direct support for the small-business sector has ranged from \$3,190.2 million to \$6,122.9 million, a 91.9 percent increase.

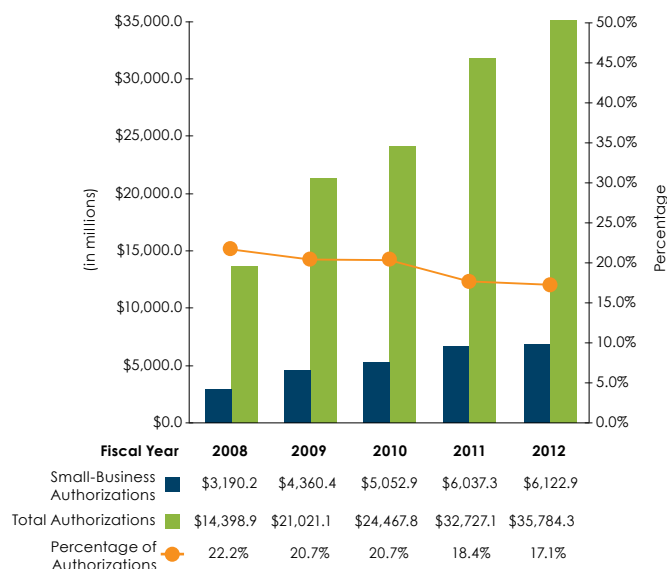
In FY 2012, Ex-Im Bank authorized \$838.3 million to support exports by small and medium-sized business known to be minority-owned and women-owned. This is a 16.5 percent increase compared to authorizations of \$719.7 million in FY 2011.

Ex-Im Bank offers two products that primarily benefit small businesses: working capital guarantees (including supply-chain finance guarantees) and export-credit insurance. In FY 2012 and FY 2011 \$2,075.8 million and \$2,150.6 million, respectively, (63.8 percent and 66.6 percent, respectively), of total authorizations in the Working Capital Guarantee Program supported small businesses. The decrease in small-business working capital authorizations was attributed to a decrease in supply-chain authorizations.

Of the total authorizations under the export-credit insurance program in FY 2012, \$3,233.9 million (56.7 percent) supported small businesses compared to \$3,273.6 million (46.7 percent) in FY 2011.

Exhibit 2 shows the total dollar amount of authorizations for small-business exports for each year since FY 2008, together with the percentage of small-business authorizations to total authorizations for that fiscal year.

## Exhibit 2: Small-Business Authorizations



### Facilitate U.S. Exports for Environmentally Beneficial Goods and Services

Ex-Im Bank's financing helps mitigate risk for U.S. companies that offer environmentally beneficial goods and services and also offers competitive financing terms to international buyers for the purchase of these goods and services. Ex-Im Bank has an active portfolio that includes financing for U.S. exports of:

- Renewable energy equipment
- Wastewater treatment projects
- Air pollution technologies
- Waste management services
- Other various environmental goods and services

Ex-Im Bank support for U.S. environmental companies ultimately fuels U.S. job creation and the innovative research and development that allow the U.S. environmental industry to remain at the forefront worldwide.

### Results: FY 2012 Environmentally Beneficial Authorizations

The total number of environmentally beneficial authorizations increased 4.9 percent to 149 in FY 2012 from 142 in FY 2011. In FY 2012, Ex-Im Bank authorizations of environmentally beneficial goods and services decreased 30.9 percent to \$614.5 million (1.7 percent of total transactions) from \$889.5 million (2.7 percent of total transactions). The level of overall authorizations were down from FY 2011 as a result of decrease in solar projects financed in Canada as local-content restrictions in the major solar market of Ontario were enacted (Ex-Im Bank authorized \$455.0 million for solar projects in Canada in FY 2011 but none in FY 2012).

Ex-Im Bank's total number of renewable-energy authorizations decreased 35.6 percent to 29 in FY 2012 from 45 in FY 2011. In FY 2012, Ex-Im Bank authorizations which

support U.S. renewable-energy exports and services decreased 50.7 percent to \$355.5 million (1.0 percent of total transactions) from \$721.4 million (2.2 percent of total transactions) in FY 2011. The level of authorization decreased in FY 2012 when compared to FY 2011 mostly due to more complex transactions that are currently under review and have taken more time to analyze and underwrite. The Bank continues its ongoing effort to support financing of renewable-energy exports. The Bank's work with U.S. exporters and project sponsors resulted in a number of applications for important new projects this year, including the Gas Verde project in Brazil – the first-ever export by FirmGreen Inc., a small-business exporter, with a \$45.0 million landfill gas capture and purification system that will be used at one of the world's largest landfills (Novo Gramacho) in Brazil; and \$50.0 million in India solar projects approved for sponsors Mahindra Solar and Kiran Energy, respectively. Ex-Im Bank continues to be one of the top financiers of solar projects in India.

### Facilitate U.S. Exports to Sub-Saharan Africa

Ex-Im Bank provides U.S. exporters with the financing tools they need to successfully compete for business in Africa. Ex-Im Bank's products and initiatives help U.S. exporters in all regions of Africa, including high-risk and emerging markets. The Bank's charter states that the Bank shall "take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank's financial commitments in sub-Saharan Africa under the loan, guarantee, and insurance programs of the Bank." Ex-Im Bank has established an advisory committee to advise the Board of Directors on the development and implementation of policies and programs designed to support those programs.

### Results: FY 2012 Sub-Saharan Africa Authorizations

The total number of sub-Saharan Africa authorizations decreased 4.1 percent to 163 in FY 2012 from 170 in FY 2011. The dollar amount of authorizations increased 10.2 percent to \$1,522.1 million (4.3 percent of total authorizations) in FY 2012 from \$1,380.9 million (4.2 percent of total authorizations) in FY 2011. Notable authorizations include Ethiopian Airways for Boeing, government of Cameroon for Hoffman Industries, Eqstra for Caterpillar, Comair for Boeing in South Africa, Watcon for GE and Japaul for Dredging Supply Company in Nigeria. Approximately 7.0 percent of U.S. merchandise exports to sub-Saharan Africa are supported by Ex-Im Bank.

## IV. Effectiveness and Efficiency

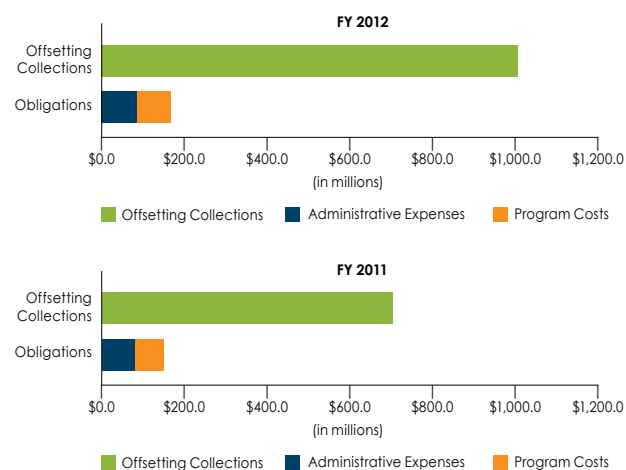
Ex-Im Bank uses various measures to assess the relative efficiency and effectiveness of the Bank's programs. As an overall measure, the Bank's annual *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States* (competitiveness report) compares the Bank's competitiveness with that of the other export credit agencies (ECAs). In addition, Ex-Im Bank uses various leverage measures to assess efficiency and cost effectiveness.

### **Efficient: Ex-Im Bank Has Been Self-Sustaining Since FY 2008**

Ex-Im Bank has been self-sustaining for budgetary purposes since FY 2008. As a result, the Bank does not rely on Congressional appropriation to sustain operations, which is critical in a tight budgetary environment. Ex-Im Bank's program revenue (i.e., in a given year, fee collections from transactions that exceed the forecasted loss on those transactions) is retained as offsetting collections and used to offset the cost of new obligations in the fiscal year, including prudent reserves to cover future losses as well as all administrative costs. In FY 2012, Ex-Im Bank received \$1,001.6 million in offsetting collections, while new obligations totaled \$162.0 million; compared with \$701.1 million offsetting collections and \$157.0 million new obligations in FY 2011. The 42.9 percent increase in offsetting collections is primarily attributable to the continued increase in authorizations over the past several years, particularly long-term authorizations which increased 22.2 percent from FY 2011 and generally have lower expected losses than the short-term and medium-term programs.

Ex-Im Bank's self-sustaining status also complies with the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures. This is a WTO agreement between 138 members. This agreement contains a list of prohibited export subsidies, one of which is official export credit. The relevant guidance for guarantees and insurance is that such programs are prohibited subsidies if the activity is done at premium rates which are inadequate to cover long-term operating costs and losses.

**Exhibit 3: Offsetting Collections and New Obligations**



As a quantitative efficiency measure, \$6.18 of offsetting collections during FY 2012 were generated by each dollar of administrative and program costs used, as depicted in Exhibit 3, versus \$4.47 in FY 2011.

### **Overall Effectiveness: Recognition From Customers and Peers**

The Bank's competitiveness report to Congress showed survey results from exporters and lenders that indicated the Bank's core business policies and practices were classified as competitive with other officially supported foreign competition, primarily other G-7 ECAs. According to the data, Ex-Im Bank terms, including policy coverage, interest rates, exposure-fee rates, and risk premia, consistently matched competitors.

Ex-Im Bank continues to receive recognition from Trade Finance Magazine. In 2012, Ex-Im Bank was, for the third year in a row, recognized as the "Best Export Credit Agency in the Americas." This publication serves as the global magazine for decision makers in the trade-finance and export communities.

Additionally, the Bank was recognized by Trade Finance for its involvement in five deals of the year, including the export of oil and refinery equipment and services from more than 150 firms to Colombia's Refinería de Cartagena S.A. (Reficar); oil and refinery equipment and services to Petroleo Brasileiro S.A. (Petrobras), Brazil's national oil company; oil and refinery equipment and services to Pemex, a Mexican state-owned petroleum company; telecommunications satellites to Avanti Communications of London; and aero-derivative gas turbine generators manufactured by GE Packaged Power Inc. (GEPPi) to Aydin, Turkey.

The landscape of export-credit agencies is shifting. Many of Ex-Im Bank's competitor ECAs are moving away from their traditional roles and are evolving into quasi-market players. They are doing this by allowing greater non-domestic content in the projects that they support and by venturing into more commercial endeavors, such as financing into high-income markets. Also, Ex-Im Bank's public-policy constraints – economic-impact analysis, foreign-content policy, local-costs policy, tied-aid policies and procedures, and U.S. shipping requirements – have the potential to create tensions between the goals of maximizing U.S. exporter competitiveness as compared with foreign ECA-backed competition (and maximizing Ex-Im Bank financing) and satisfying public mandates (which may limit Ex-Im Bank financing).

### **Leverage of Resources: A Good Deal for U.S. Taxpayers**

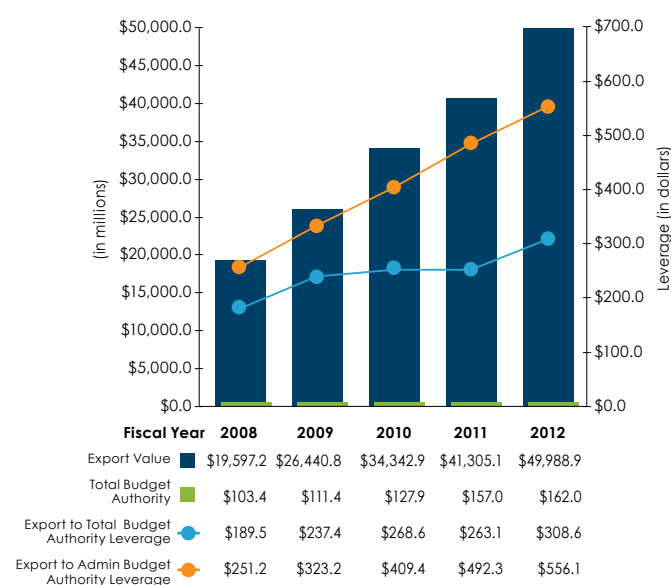
The Bank uses leverage ratios to assess efficiency and to measure the return on resources invested in Ex-Im Bank programs. Prior to FY 2008, resources to cover Ex-Im Bank's program costs (excess of expected credit losses over fees for individual credits) and administrative costs were in the form of appropriations from Congress. Beginning in FY 2008, resources available to the Bank are collections (mostly exposure fees) in excess of amounts needed to cover estimated credit losses.



For every dollar of budget authority used for program and administrative expenses during FY 2012, Ex-Im Bank facilitated an estimated \$309 of U.S. exports. This multiple compares to \$263 of U.S. exports in FY 2011. In FY 2008, the multiple was \$189, an increase of \$120 when compared to FY 2012.

The leverage in terms of administrative-budget authority is even greater. For every dollar of administrative-budget authority used during FY 2012, Ex-Im Bank provided financing in support of an estimated \$556 of U.S. exports, compared to an estimated \$492 of U.S. exports in FY 2011. In FY 2008, the multiple was \$251, an increase of \$305 when compared to FY 2012. Exhibit 4 shows the total estimated U.S. exports, the corresponding total budget authority and resulting leverage measures for the past five fiscal years.

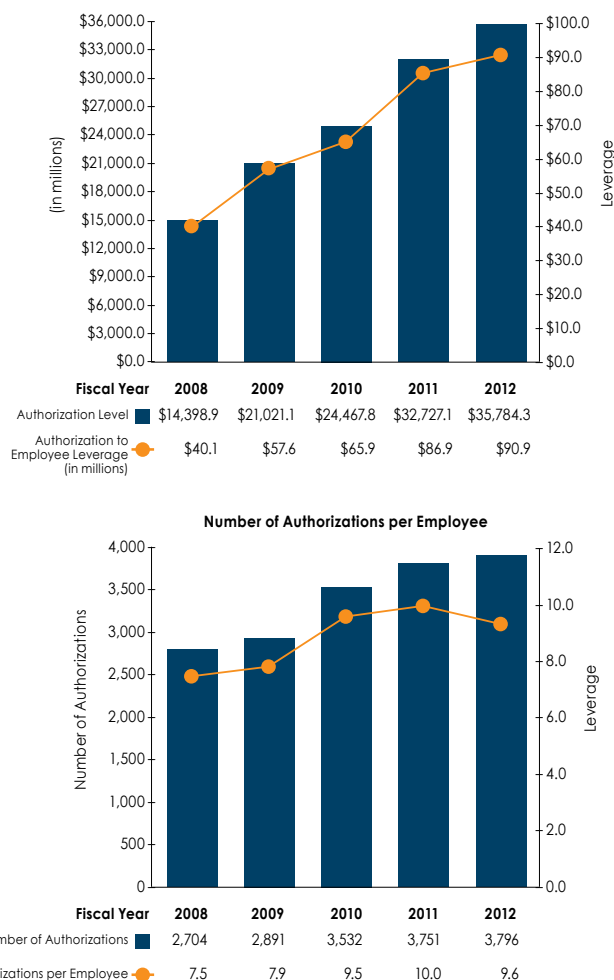
**Exhibit 4: Budget Authority to Export Value**



Ex-Im Bank's default rate net of recoveries, whether measured from the inception of the Bank or the beginning of credit reform, has been less than two percent of loan disbursements and shipments guaranteed. Future claim activity in the short term can be very volatile. Any material deterioration from historical experience in future default and recovery rates would require the Bank to adjust its reserves accordingly, which could have a negative impact on leverage ratios in future periods.

Another efficiency measure (Exhibit 5) examines the productivity contributed by each employee as measured by the dollar amount and number of authorizations. In FY 2012, the average dollar amount of authorizations per employee was \$90.9 million, up from \$86.9 million in FY 2011. The average number of authorizations per employee was 9.6 in FY 2012, a slight decrease from 10.0 in FY 2011. Ex-Im Bank credits the increase in productivity since FY 2008 to its continuing focus on streamlining its bankwide operations as well as the commitment and dedication of its employees.

**Exhibit 5: Employee Leverage**



## V. Portfolio Analysis

### Ex-Im Bank's Portfolio by Program, Region, Industry, Obligor Type and Foreign Currency

For financial statement purposes, Ex-Im Bank defines exposure as the authorized outstanding and undisbursed principal balance of loans, guarantees, and insurance. It also includes the unrecovered balance of payments made on claims that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under the export guarantee and insurance programs. Exposure does not include accrued interest or transactions pending final approval. This corresponds to the way activity is charged against the Bank's overall \$120 billion lending limit imposed by Section 6(a) (2) of Ex-Im Bank's charter.

Working capital guarantees may be approved for a single loan or a revolving line of credit, with an availability generally of one year. Guaranteed lenders do not report activity to Ex-Im, the entire credit is assumed to be "disbursed" when the fee is paid to Ex-Im. The credit is recorded as repaid in one installment six months after the expiry date of the credit unless the Controller's office is



notified before that time that a claim has been paid. Under the assumption that the exporter is using the credit up to the end of the expiry period, six months provides sufficient time for the guaranteed lender to report defaults to Ex-Im Bank in the event that the exporter does not repay the credit. If a claim is paid, the remaining outstanding balance of the credit associated with the claim is reduced to zero. Exposure is then reflected as an unrecovered claim.

Since there is typically a delay in reporting shipments under the insurance program, undisbursed balances remain on the books for 120 days after the expiry date to allow for the posting of shipments that took place within the period covered by the policy but were reported after the expiry date. These unreported shipments pose some liability in the form of claims that have been incurred but not yet reported (IBNR). Leaving the policy open past the expiry date provides a reserve for IBNR.

Ex-Im Bank currently has exposure in 178 countries throughout the world totaling \$106,646.4 million at September 30, 2012. In general, total exposure over the five-year period has averaged \$79.5 billion.

Exhibit 6 summarizes total Ex-Im Bank exposure by program and shows each program as a percentage of the total exposure at the end of the respective fiscal year.

#### Exhibit 6: Exposure by Program

(In millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Guarantees	\$45,417.0	\$48,301.3	\$51,828.9	\$61,429.1	\$66,860.2
Loans	4,546.0	7,910.5	11,200.3	16,732.4	28,758.3
Insurance	6,364.1	9,365.9	9,866.5	9,312.9	9,528.7
Receivables from Subrogated Claims	2,145.7	2,410.1	2,318.2	1,677.6	1,499.2
<b>Total Exposure</b>	<b>\$58,472.8</b>	<b>\$67,987.8</b>	<b>\$75,213.9</b>	<b>\$89,152.0</b>	<b>\$106,646.4</b>
<b>(% of Total)</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Guarantees	77.6%	71.0%	68.9%	68.9%	62.7%
Loans	7.8%	11.6%	14.9%	18.8%	27.0%
Insurance	10.9%	13.8%	13.1%	10.4%	8.9%
Receivables from Subrogated Claims	3.7%	3.6%	3.1%	1.9%	1.4%
<b>Total Exposure</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Exhibit 7 summarizes total Ex-Im Bank exposure by geographic region. The All Other category in Exhibit 7 includes undisbursed balances of short-term multibuyer insurance that is not allocated by region until the shipment has taken place.

#### Exhibit 7: Geographic Exposure

(In millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Asia	\$23,925.6	\$28,271.2	\$27,655.2	\$32,832.3	\$42,345.3
Latin America and Caribbean	13,618.1	14,222.2	15,606.3	19,728.3	22,104.6
Europe	6,447.1	6,897.2	7,907.3	10,772.7	11,303.8
North America	5,152.2	6,136.1	7,773.9	9,352.9	10,579.3
Oceania	1,135.0	1,394.5	4,601.9	5,372.5	8,305.0
Africa	4,011.0	4,555.8	4,949.4	4,832.5	5,770.8
All Other	4,183.8	6,510.8	6,719.9	6,260.8	6,237.6
<b>Total Exposure</b>	<b>\$58,472.8</b>	<b>\$67,987.8</b>	<b>\$75,213.9</b>	<b>\$89,152.0</b>	<b>\$106,646.4</b>
<b>(% of Total)</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Asia	40.9%	41.6%	36.8%	36.9%	39.7%
Latin America and Caribbean	23.3%	20.9%	20.7%	22.1%	20.7%
Europe	11.0%	10.1%	10.5%	12.1%	10.6%
North America	8.8%	9.0%	10.3%	10.5%	9.9%
Oceania	1.9%	2.1%	6.1%	6.0%	7.8%
Africa	6.9%	6.7%	6.6%	5.4%	5.4%
All Other	7.2%	9.6%	9.0%	7.0%	5.9%
<b>Total Exposure</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Exhibit 8 shows exposure by the major industrial sectors in the Bank's portfolio.

#### Exhibit 8: Exposure by Major Industrial Sector

(In millions)	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Air Transportation	\$27,671.2	\$33,203.0	\$35,370.6	\$43,014.5	\$49,419.6
Manufacturing	4,915.9	4,614.5	8,904.7	12,499.8	18,091.0
Oil and Gas	7,482.6	8,014.7	10,408.5	10,916.6	13,938.7
Power Projects	3,830.1	4,448.5	4,599.1	6,818.8	8,649.2
All Other	14,573.0	17,707.1	15,931.0	15,902.3	16,547.9
<b>Total Exposure</b>	<b>\$58,472.8</b>	<b>\$67,987.8</b>	<b>\$75,213.9</b>	<b>\$89,152.0</b>	<b>\$106,646.4</b>
<b>(% of Total)</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Air Transportation	47.3%	48.8%	47.0%	48.2%	46.3%
Manufacturing	8.4%	6.8%	11.8%	14.0%	17.0%
Oil and Gas	12.8%	11.8%	13.8%	12.2%	13.1%
Power Projects	6.6%	6.5%	6.1%	7.6%	8.1%
All Other	24.9%	26.1%	21.3%	18.0%	15.5%
<b>Total Exposure</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Through the years, there has been a shift in Ex-Im Bank's portfolio. As the need for private-sector financing has increased, the percentage of Ex-Im Bank's portfolio represented by private obligors has increased from 59.5 percent in FY 2008 to 69.3 percent in FY 2012.

Of the portfolio at September 30, 2012, 30.7 percent represents credits to public-sector obligors or guarantors (8.8 percent to sovereign obligors or guarantors and 21.9 percent to public non-sovereign entities); 69.3 percent represents credits to private-sector obligors. A breakdown of public-sector versus private-sector exposure is shown in Exhibit 9.

## Exhibit 9: Public and Private Obligors

Year End	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
Private Obligors	59.5%	61.1%	67.2%	68.6%	69.3%
Public Obligors	40.5%	38.9%	32.8%	31.4%	30.7%

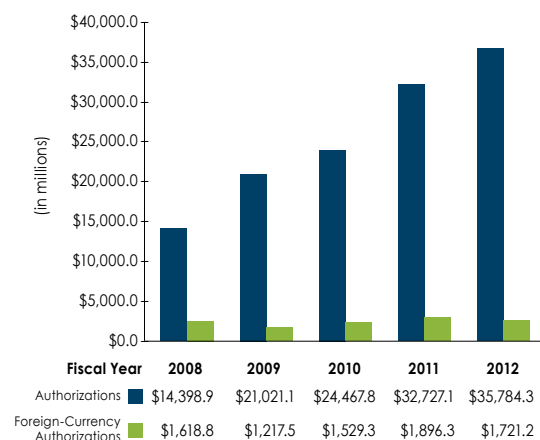
Ex-Im Bank provides guarantees in foreign currency to allow borrowers to better match debt service costs with earnings. Ex-Im Bank adjusts its reserves to reflect the potential risk of foreign-currency fluctuation.

In FY 2012, Ex-Im Bank approved \$1,721.2 million in transactions denominated in a foreign currency, representing 4.8 percent of all new authorizations, as shown in Exhibit 10. In FY 2011, Ex-Im Bank approved \$1,896.3 million in transactions denominated in a foreign currency, representing 5.8 percent of all new authorizations. Foreign-currency transactions are booked in U.S. dollars based on the exchange rate at the time of authorization. The U.S.-dollar exposure is adjusted at year end using the latest exchange rates.

At September 30, 2012, Ex-Im Bank had 138 transactions with outstanding balances denominated in a foreign currency. Using the foreign-currency exchange rates at September 30, 2012, Ex-Im Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of \$408.4 million for a total outstanding balance of \$8,620.3 million of foreign-currency denominated guarantees, representing 8.1 percent of total Bank exposure.

At September 30, 2011, Ex-Im Bank had 116 transactions with outstanding balances denominated in a foreign currency. Using the foreign-currency exchange rates at September 30, 2011, Ex-Im Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of \$801.2 million for a total outstanding balance of \$8,189.1 million of foreign-currency denominated guarantees, representing 9.2 percent of total Bank exposure.

## Exhibit 10: Foreign-Currency Transactions



The level of foreign-currency authorizations is attributable in large part to borrowers' desire to borrow funds in the same currency as they earn funds in order to mitigate the risk involved with exchange-rate fluctuations. The majority of the foreign-currency authorizations support U.S. exports of commercial jet aircraft. Exhibit 11 shows the U.S.-dollar value of the Bank's outstanding foreign-currency exposure by currency.

## Exhibit 11: U.S.-Dollar Value of Outstanding Foreign-Currency Exposure

Currency	FY 2012		FY 2011	
	Outstanding Balance (in millions)	Percentage of Total	Outstanding Balance (in millions)	Percentage of Total
Euro	\$6,138.9	71.3%	\$5,672.8	69.2%
Canadian Dollar	824.9	9.6%	859.8	10.5%
Australian Dollar	378.5	4.4%	474.1	5.8%
Japanese Yen	357.2	4.1%	440.8	5.4%
New Zealand Dollar	315.3	3.7%	325.5	4.0%
Mexican Peso	251.7	2.9%	161.7	2.0%
South African Rand	155.2	1.8%	24.9	0.3%
Korean Won	132.5	1.5%	139.7	1.7%
British Pound	64.1	0.7%	86.7	1.1%
Swiss Franc	2.0	0.0%	3.1	0.0%
<b>Total</b>	<b>\$8,620.3</b>	<b>100.0%</b>	<b>\$8,189.1</b>	<b>100.0%</b>

## VI. Loss Reserves, Major Impaired Assets and Paris Club Activities

### Allowance for Losses on Loans, Guarantees, Insurance and Subrogated Claims

The total allowance for Ex-Im Bank credits is comprised of an allowance for loss on all credits and defaulted guarantees and insurance policies. A provision is charged to earnings as losses are estimated to have occurred. Write-offs are charged against the allowance when management determines that a loan or claim balance is uncollectable. Subsequent recoveries, if any, are credited to the allowance.

The allowance for Ex-Im Bank credits authorized after FCRA equates to the amount of credit loss associated with the applicable credit. Ex-Im Bank has established cash flow models for expected defaults, fees and recoveries to estimate the credit loss for allowance purposes. The models incorporate Ex-Im Bank's actual historical loss and recovery experience. In addition, beginning in FY 2012, based upon industry best practices as well as recent changes to the portfolio, the Bank has incorporated qualitative factors into the quantitative methodology to calculate the credit loss allowance.

Due to the fact that financial and economic factors affecting credit repayment prospects change over time, the net estimated credit loss of loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and Statement of Federal Financial Accounting Standards 18,

“Amendments to Accounting Standards for Direct Loans and Loan Guarantees.” This re-estimate indicates the appropriate level of funds necessary to cover projected future claims. Decreases in estimated credit losses result in excess funds returned to the U.S. Treasury while increases in estimated credit losses are covered by additional appropriations that become automatically available through permanent and indefinite authority, pursuant to the FCRA.

As indicated in Exhibit 15, the overall weighted-average risk rating of the Bank’s portfolio improved from a rating of 3.87 at the end of FY 2011 to a rating of 3.66 at the end of FY 2012. Although the overall rating improved, the re-estimate of the credit loss of the exposure for FY 1992 through FY 2012 commitments calculated at September 30, 2012, indicated that, the net amount of \$577.3 million of additional funds were needed in the financing accounts. This will be received from the U.S. Treasury in FY 2013.

The increase results from the Bank’s ongoing refinement of the methodology used to calculate the reserves. Prior to FY 2012, Ex-Im Bank relied primarily on quantitative factors to calculate loss reserves. Because the portfolio grew significantly over the past few years and the composition of the portfolio became more complex, the Bank analyzed and developed for FY 2012 credit loss factors that incorporated both a quantitative and an enhanced qualitative framework. The additional qualitative factors are based on the risk profile of the Bank’s portfolio and were added to the quantitative factors to better and more accurately measure risk through the reserve process. Fourteen qualitative adjustments were identified that fall into three broad categories: 1) model risk, 2) concentration risk and 3) global economic risk.

The re-estimate of the credit loss of the exposure for FY 1992 through FY 2011 commitments calculated at September 30, 2011, indicated that of the balances in the financing accounts, the net amount of \$102.2 million of additional funds were needed in the financing accounts. This amount was received in FY 2012.

In FY 2011, as part of the Heavily Indebted Poor Countries (HIPC) initiative, Ex-Im wrote-off a significant amount (\$786.6 million) of loans and claims receivable. The HIPC program was initiated by the International Monetary Fund and World Bank to provide debt relief to countries with unsustainable debt burden in an effort to contribute toward future growth, poverty reduction and debt sustainability. The Bank had previously anticipated these write-offs and was fully reserved to cover the expected loss.

The total allowance for losses at September 30, 2012, for loans, claims, guarantees and insurance commitments is \$4,596.5 million, representing 4.3 percent of total exposure of \$106,646.4 million (Exhibit 12). This compares to the allowance for losses at September 30, 2011, for loans, claims receivable, guarantees and insurance commitments of \$4,069.2 million representing 4.6 percent of total exposure of \$89,152.0 million.

## Exhibit 12: Exposure Summary and Loss Reserves

(in millions)	FY 2012	FY 2011
Outstanding Guarantees and Insurance	\$56,822.9	\$50,288.8
Outstanding Loans	12,354.1	8,109.7
Outstanding Defaulted Guarantees and Insurance	1,499.2	1,677.6
<b>Total Outstanding</b>	<b>\$70,676.2</b>	<b>\$60,076.1</b>
Undisbursed Guarantees and Insurance	\$19,566.0	\$20,453.2
Undisbursed Loans	16,404.2	8,622.7
<b>Total Undisbursed</b>	<b>\$35,970.2</b>	<b>\$29,075.9</b>
<b>Total Exposure</b>	<b>\$106,646.4</b>	<b>\$89,152.0</b>
Weighted-Average Risk Rating of Total Exposure	3.66	3.87
<b>Loss Reserves</b>		
Liability for Guarantees and Insurance	\$1,814.0	\$1,219.5
Allowance for Loan Losses	1,585.6	1,538.2
Allowance for Defaulted Guarantees and Insurance	1,196.9	1,311.5
<b>Total Reserves</b>	<b>\$4,596.5</b>	<b>\$4,069.2</b>
Loss Reserve as Percentage of Outstanding Balance	6.5%	6.8%
Loss Reserve as Percentage of Total Exposure	4.3%	4.6%

## Major Impaired Assets

At September 30, 2012, Ex-Im Bank had three project financings and seven major corporate borrowers (or “corporates”) with individual balances greater than \$15 million, that had been classified as impaired. The aggregate amount of exposure was \$817 million: \$522 million of project financings and \$295 million of corporates. A mining concern in Mexico contributed largely to the total, a project-finance transaction in the amount of \$420 million. Of the corporate borrowers, four are all engaged in the banking sector with an exposure totaling \$170 million: two are based in Kazakhstan, one in the Ukraine and one in Nigeria. The banking sector difficulties primarily arose from the global economics crisis several years ago and each are in different stages of a workout phase. When entering into all these credit facilities, Ex-Im Bank was supporting the export of U.S. products and services to purchasers in Ecuador, Indonesia, Kazakhstan, Pakistan, Turkey, Ukraine and Mexico.

## Paris Club Activities

The Paris Club is a group of 19 permanent member-creditor countries that meet regularly in Paris to discuss and provide debt relief to qualifying debtor countries. The U.S. Treasury and State Department are members of the organization and represent the interests of all U.S. agencies that hold international debt. In FY 2012 and FY 2011, one and three countries, respectively, were eligible for debt forgiveness and/or debt rescheduling of their debt owed to Ex-Im Bank, including capitalized interest (Exhibit 13).

### Exhibit 13: Paris Club Bilateral Agreements

(in thousands) Country	FY 2012		FY 2011	
	Principal Forgiven	Debt Rescheduled	Principal Forgiven	Debt Rescheduled
Antigua and Barbuda	\$ –	\$ –	\$ –	\$22,595
Côte d'Ivoire	5,214	–	43,739	–
Democratic Republic of Congo	–	–	774,538	–
<b>Total</b>	<b>\$5,214</b>	<b>\$ –</b>	<b>\$818,277</b>	<b>\$22,595</b>

## VII. Portfolio-Risk Rating System and Risk Profile

### The Interagency Country Risk Assessment System (ICRAS)

OMB established the Interagency Country Risk Assessment System (ICRAS) to provide a framework for uniformly measuring the costs of the U.S. government's international credit programs across the various agencies that administer them. To operate this framework, OMB chairs an interagency working group composed of the agencies with international loan programs, as well as the Departments of State and U.S. Treasury, the Federal Deposit Insurance Corp. and the Federal Reserve Board. In addition, OMB consults annually with the Congressional Budget Office.

The ICRAS methodology determines both the risk levels for lending to sovereign governments and nonsovereign borrowers. The nonsovereign levels can be adjusted.

One of OMB's key goals in developing this system was to pattern ICRAS after systems in the private sector. Therefore ICRAS adopts similar ratings and rating methodologies as the private rating agencies, such as Moody's, Standard & Poor's and Fitch IBCA.

### Risk Ratings

ICRAS rates every country to which U.S. government agencies have outstanding loans or loan guarantees or are anticipating making new credits available. ICRAS rates countries on the basis of economic and political/social variables. There are 11 sovereign and nine nonsovereign risk categories and each country receives two ratings: a sovereign-risk rating and a private-risk rating. ICRAS currently has risk ratings for 198 sovereign and 200 nonsovereign markets.

Like the private-sector risk-rating agencies, ICRAS rates countries on the basis of economic, political and social variables. Throughout the rating process analysts use private-sector ratings as one of the benchmarks for determining the ICRAS rating in keeping with the principle of congruence to private ratings. When ICRAS ratings significantly deviate from Moody's, S&P's, Fitch IBCA's or OECD ratings, the reasoning is substantiated in an ICRAS paper and is the subject of interagency discussion. This presumption serves as a key reference point throughout the ICRAS process.

The ratings are based, in general, on a country's (1) ability to make payments, as indicated by relevant economic factors and (2) willingness to pay, as indicated by payment record and political and social factors. Four categories, ratings 1 through 4, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, ratings 9 to 11, are for countries either unable to pay fully, even with extended repayment periods, or currently unwilling to make a good faith effort. In between are categories reflecting various degrees of potential or actual payment difficulties.

### ICRAS Default Estimates

Ex-Im Bank has established cash flow models for expected defaults, fees and recoveries to estimate the credit loss for each approved credit. For new authorizations in FY 2012 and FY 2011, the models incorporated Ex-Im Bank's actual historical loss and recovery experience.

### Portfolio-Risk Monitoring and Evaluation

The recent volatility in commodity prices, the fluctuation in currency exchange rates, the general level of economic activity, and the tightening credit markets have had an impact on the Bank's operations. Ex-Im Bank, like most participants in the market, is not immune from the effect of this crisis as evidenced by increased requests for Ex-Im Bank support.

Ex-Im Bank's exposure to the banking sector across the globe is approximately \$1.3 billion. Approximately 13 percent of this exposure is in the form of paid claims. Banks were negatively affected by a multitude of factors that included loan defaults, a higher cost of borrowing and a shortage of sources of liquidity, not to mention insider loans, a practice that is pervasive in nascent banking sectors in developing countries. Ex-Im Bank has taken a selective approach in effecting recoveries ranging from proactively serving in creditor committees to adopting exit strategies where appropriate. In some cases, our recoveries were facilitated by a combination of sovereign support and bank regulatory reform. These troubled credits continue to be closely monitored by the Bank.

Ex-Im Bank continuously monitors its portfolio of credits after they have been approved. This entails scheduled risk-based review of the debt service capacity of the obligors taking into account internal and external factors that directly impact ability and willingness to pay. These periodic reviews allow staff to build greater familiarity with the businesses to which Ex-Im Bank is exposed and the information obtained through this effort allows staff to identify vulnerabilities or weaknesses in the credit. Consequently, the ability to develop and implement remediation actions is greatly enhanced which ultimately has a positive impact on the quality of the portfolio and final outcome. Most importantly, the information thus gathered serves as a very critical variable as the Bank reviews new requests for support.



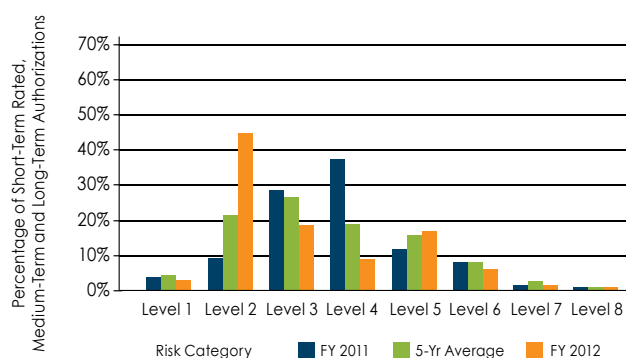
## Exposure-Risk Profile

In accordance with the risk rating system detailed above, Ex-Im Bank classifies credits into 11 risk categories, with level 1 being the lowest risk. Ex-Im Bank generally does not authorize new credits that would be risk-rated worse than level 8. On this scale, level 3 is approximately equivalent to Standard and Poor's BBB, level 4 approximates BBB-, and level 5 approximates BB. In addition, certain credits and capitalized interest included in gross loans receivable are reserved at 100 percent.

Ex-Im Bank's activity increased in FY 2012 from an already elevated level in FY 2011 due primarily to high demand for transportation and structured-finance projects. The quality of the transactions that were financed by Ex-Im Bank improved as evidenced by the weighted-average risk rating of new activity. The decrease in the new authorization weighted-average risk rating is primarily related to the decrease in demand for Ex-Im Bank-supported financing among riskier-rated obligors as well as the increase in long-term authorizations by 22.2 percent from FY 2011. Long-term credits generally have lower expected losses than the short-term and medium-term programs. The overall weighted-average risk rating for FY 2012 short-term rated, medium-term and long-term export-credit authorizations was 3.23 compared to a weighted-average risk rating of 3.81 in FY 2011 and 3.62 on average for the last five years. For FY 2012, 74.0 percent of Ex-Im Bank's short-term rated, medium-term, and long-term new authorizations were in the level 1 to 4 range (AAA to BBB-) while 26.0 percent were rated level 5 to 8 (BB+ to B-).

Exhibit 14 shows the risk profile of Ex-Im Bank's short-term rated, medium-term and long-term authorizations in FY 2012 and FY 2011 and the past five-year average-risk profile.

**Exhibit 14: Short-Term Rated, Medium-Term and Long-Term Authorizations by Risk Category**

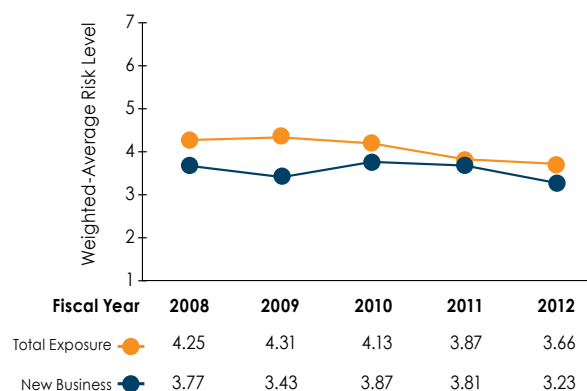


## Changes in the Portfolio-Risk Level

At September 30, 2012, Ex-Im Bank had a portfolio of \$106,646.4 million of loans, guarantees, insurance and outstanding claims receivable. Exhibit 15 shows the weighted-average risk rating for new authorizations and the outstanding portfolio over the past five fiscal years. The new business risk rating includes all short-term rated, medium-term and long-term transactions authorized in each respective fiscal year and reflects the weighted-average risk rating for these authorizations. The outstanding portfolio includes new business transactions and the existing portfolio risk-rated at the end of each fiscal year.

The risk rating for the outstanding portfolio decreased to 3.66 in FY 2012 as compared to 3.87 in FY 2011 (Exhibit 15). The decrease in the weighted-average risk rating is a result of FY 2012 authorizations that were better rated than the portfolio average.

**Exhibit 15: Credit-Quality Risk Profile**



## VIII. Results of Operations

Ex-Im Bank reports financial results under generally accepted accounting principles in the United States applicable to federal agencies (government GAAP) and in accordance with form and content guidance provided in OMB Circular A-136, *Financial Reporting Requirements*, revised as of August 3, 2012. Under government GAAP standards, the Bank reported total net excess program costs over revenue of \$751.5 million for the year ended September 30, 2012, and \$207.4 million for the year ended September 30, 2011.

One of the main causes of the increase in costs was the increase in the provision for credit losses resulting from the FY 2012 upward credit loss re-estimate. As discussed in Section VI, although the risk rating of the overall portfolio improved from FY 2011 to FY 2012, the calculation of the reserves for credit loss was refined in FY 2012 to include additional qualitative factors which resulted in an upward re-estimate. The upward re-estimate was \$577.3 million for FY 2012. This compares to an upward re-estimate of \$102.2



million for FY 2011. As these costs are recognized, they are accrued and reflected on the Balance Sheets and the Statements of Net Cost.

Although the Bank may on occasion receive appropriations when it is determined that additional funds are needed through the credit loss re-estimate of the Bank's existing portfolio, the Bank no longer receives appropriations from Congress to cover administrative costs and program costs for new loan, guarantee and insurance authorizations. Instead, the Bank covers these costs from the fees collected on a cash basis (offsetting collections) from the Bank's credit program customers. Fees collected are first used to cover the costs of the Bank's loan, guarantee and insurance programs by setting aside prudent reserves for credit losses. Fees collected in excess of those set aside for reserves are then used to cover administrative costs up to limits set by Congress. The disposition of fees collected in excess of amounts set aside for credit loss reserves and administrative costs are determined by the Bank's annual appropriation act passed by Congress.

In FY 2012, Ex-Im Bank had \$1,001.6 million in offsetting collections, of which \$89.9 million was used to cover administrative expense obligations. Following statutory guidelines, \$803.7 million was sent to the U.S. Treasury and \$108.0 million was retained and is available for obligation until September 30, 2015. Program costs of \$72.1 million were obligated from available funds carried over from prior years.

In FY 2011, Ex-Im had \$701.1 million in offsetting collections, of which \$83.9 million was used to cover administrative-expense obligations. The balance of \$617.0 million was retained by Ex-Im Bank. In FY 2012, \$400.0 million was sent to the U.S. Treasury due to a rescission. The remaining balance of \$217.0 million is available for obligation of program costs until FY 2014. Program costs of \$68.1 million were obligated from available funds carried over from prior years and \$0.2 million were obligated from FY 2011 funds.

The receipt of appropriations through the re-estimate process and the transfer of excess offsetting collections to the U.S. Treasury are governed by separate processes and different statutory requirements. The credit loss re-estimate applies to the entire portfolio, and, if necessary, funds required for an upward re-estimate are provided by specific appropriations pursuant to the FCRA. New obligations made in the current fiscal year for administrative and program costs are covered by fee collections and the use and restriction of those collections is defined in the Bank's annual appropriations acts and frequently results in the transfer of some offsetting collections to the U.S. Treasury.

### Significant Financial Data

Exhibit 16 presents certain financial data from the Balance Sheets and the Statements of Net Costs. This financial data is highlighted due to a significant change (10 percent or more) and/or significant dollar difference between the applicable

periods for FY 2012 and FY 2011. More detailed financial information can be found in the financial statements and notes.

### Exhibit 16: Significant Financial Data

(in millions)	FY 2012	FY 2011
Fund Balance With the U.S. Treasury	\$2,477.3	\$3,842.3
Receivables from the Program Account	–	789.3
Loans Receivable, Net	10,865.4	6,701.0
Receivables from Subrogated Claims, Net	303.7	367.2
Other Assets	22.8	11.2
Borrowings from the U.S. Treasury	11,301.3	8,279.3
Accounts Payable to the U.S. Treasury	704.0	939.6
Payable to the Financing Account	–	789.3
Payment Certificates	47.5	64.3
Guaranteed Loan Liability	1,814.0	1,219.5
Other Liabilities	563.0	876.7
Cumulative Results of Operations	(1,975.9)	(1,675.5)
Interest Expense	523.9	439.0
Provision for Credit Losses	1,022.9	482.1
Fees and Other Income	366.4	305.7

### Balance Sheets

Fund Balance with the U.S. Treasury: The Fund Balance with the U.S. Treasury decreased by \$1,365.0 million from \$3,842.3 million at September 30, 2011, to \$2,477.3 million at September 30, 2012. The change is primarily attributed to approximately \$4,873.4 million in direct loan disbursements, \$345.2 million in net Treasury interest expense and a \$400.0 million rescission, offset by \$1,231.1 million in loan principal, interest and guarantee fee collections, \$4,941.3 million in new borrowings from Treasury, \$740.7 million in exposure fee collections, and net \$102.2 million of funds received from Treasury due to the annual credit loss reserve re-estimate.

Receivables from the Program Account/Payable to the Financing Account: The Receivable from the Program Account is fully offset by the Payable to the Financing Account, the amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero. As a result, for Balance Sheet presentation purposes these balances are being eliminated beginning in FY 2012.

Loans Receivable: Loans Receivable increased \$4,164.4 million from \$6,701.0 million at September 30, 2011, to \$10,865.4 million at September 30, 2012, primarily as a result of \$5,169.9 million in direct loan disbursements, offset by \$989.7 million of direct loan repayments.

Receivables from Subrogated Claims, Net: Receivables from Subrogated Claims, Net decreased \$63.5 million from \$367.2 million at September 30, 2011, to \$303.7 million at September 30, 2012. The decrease is related to claim recoveries exceeding claim payments.

Other Assets: Other Assets increased \$11.6 million from \$11.2 million at September 30, 2011, to \$22.8 million at September 30, 2012. The change mostly relates to an increase in commitment fee receivables.

Borrowings from the U.S. Treasury: Borrowings from the U.S. Treasury increased \$3,022.0 million from \$8,279.3 million as of September 30, 2011, to \$11,301.3 million as of September 30, 2012. The increase is attributable to additional net borrowings used to fund direct loans.

Accounts Payable to the U.S. Treasury: Accounts Payable to the U.S. Treasury decreased \$235.6 million from \$939.6 million at September 30, 2011, to \$704.0 million as of September 30, 2012. The decrease is mostly due to a \$687.1 million transfer to the U.S. Treasury of the downward portion of the FY 2011 credit-loss reserve re-estimate offset by a \$445.8 million accrual of the FY 2012 downward portion of the credit-loss reserve re-estimate which will be transferred to the U.S. Treasury in FY 2013.

Payment Certificates: Payment Certificates decreased \$16.8 million from \$64.3 million at September 30, 2011, to \$47.5 million at September 30, 2012. The decrease is mostly due to the repayment of the payment certificates.

Guaranteed Loan Liability: Guaranteed Loan Liability increased by \$594.5 million from \$1,219.5 million at September 30, 2011, to \$1,814.0 million at September 30, 2012. The change is attributed to increased guarantee and insurance exposure and changes to the risk profile of the portfolio.

Other Liabilities: Other Liabilities decreased \$313.7 million from \$876.7 million at September 30, 2011, to \$563.0 million at September 30, 2012. The change is mostly related to a reduction of \$400.0 million in offsetting collections due to a rescission and approximately \$134.1 million usage for subsidy and administrative expense costs, offset by approximately \$211.6 million increase in offsetting collections.

Cumulative Results of Operations: Cumulative Results of Operations decreased \$300.4 million from cumulative loss of \$1,675.5 million at September 30, 2011, to cumulative loss of \$1,975.9 million at September 30, 2012. This is a result of the activity from the annual credit-loss reserve re-estimate.

## **Statements of Net Cost**

Interest Expense: Interest Expense increased by \$84.9 million from \$439.0 million for the period year ended September 30, 2011, to \$523.9 million for the year ended September 30, 2012. The change relates to an increase in FY 2012 borrowings from U.S. Treasury.

Provision for Credit Losses: Provision for Credit Losses increased \$540.8 million from \$482.1 million for the year ended September 30, 2011, to \$1,022.9 million for the year ended September 30, 2012. The increase primarily reflects the impact of a net \$577.3 million increase in the FY 2012 credit-loss reserve re-estimate versus a net increase \$102.2 million in FY 2011, plus increased subsidy expenses.

Fees & Other Income: Fees and Other Income increased \$60.7 million from \$305.7 million for the year ended September 30, 2011, to \$366.4 million for the year ended September 30, 2012. The change represents activity resulting from increased levels of loan, guarantee and insurance authorizations.

## **Significant Factors Influencing Financial Results**

The most significant factor that determines Ex-Im Bank's financial results and condition is a change in the risk level of Ex-Im Bank's loan, guarantee and insurance portfolio, and the adjustment to the allowance for credit losses that must be made to reflect the change in risk. The level of risk of individual credits or groups of credits may change in an unexpected manner as a result of international financial, economic and political events. Consequently, significant and unanticipated changes in Ex-Im Bank's allowance for credit losses may occur in any year.

The major risks to the Bank in its credit portfolio are repayment risk and concentration risk. Other risks the Bank must assess and attempt to minimize are foreign-currency risk, operational risk, organizational risk and interest-rate risk.

Repayment Risk: In fulfilling its mission to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing, and ensuring a level playing field for U.S. goods and services in the global marketplace, Ex-Im Bank must balance the risks associated with assuming credit and country risks that the private sector is unable or unwilling to accept with the requirement of reasonable assurance of repayment for its credit authorizations. Repayment risk is the risk that a borrower will not pay according to the original agreement and the Bank may eventually have to write-off some or the entire obligation. Repayment risk is primarily composed of:

Credit Risk: The risk that an obligor may not have sufficient funds to service its debt or may not be willing to service its debt even if sufficient funds are available.

Political Risk: The risk that payment may not be made to the Bank, its guaranteed lender or its insured as a result of expropriation of the obligor's property, war or inconvertibility of the borrower's currency into U.S. dollars.

Concentration Risk: Risks stemming from the composition of the credit portfolio as opposed to risks related to specific obligors. The Bank has the following concentration risks:

**Industry:** The risk that events could negatively impact not only one company but many companies simultaneously in the same industry. The Bank's credit exposure is highly concentrated by industry: 76.4 percent of the Bank's credit portfolio is in three industries (air transportation, manufacturing, and oil and gas), with air transportation representing 46.3 percent of the Bank's total exposure. Events impacting these industries are frequently international in nature and may not be confined to a specific country or geographic area.

**Geographic Region:** The risk that events could negatively impact not only one country but many countries simultaneously in an entire region. The Bank's credit exposure is concentrated by geographic region, with 60.4 percent of the portfolio contained in two geographic regions: Asia (39.7 percent) and Latin America and Caribbean (20.7 percent).

**Obligor:** The risk stemming from portfolio concentration with one or a few obligors such that a default by one or more of those borrowers will have a disproportionate impact. The Bank's 10 largest public-sector obligors make up 20.2 percent of its portfolio, and the 10 largest private-sector obligors make up 24.9 percent.

**Foreign-Currency Risk:** Risk stemming from an appreciation or depreciation in the value of a foreign currency in relation to the U.S. dollar in Ex-Im Bank transactions denominated in that foreign currency. At the time of authorization, Ex-Im Bank does not hedge its foreign-currency exposure; however, when the Bank pays claims under foreign-currency guarantees, the notes are converted from a foreign-currency obligation to a U.S. dollar obligation. The obligor must then repay to Ex-Im Bank the balance in U.S. dollars. This converts the foreign-currency loan to a dollar loan at that point, thereby eliminating any further foreign-exchange risks.

Ex-Im Bank provides support for guarantees and insurance denominated in certain foreign currencies. The foreign currencies approved for Ex-Im Bank transactions as of September 30, 2012, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, Egyptian pound, the Euro, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Norwegian krone, Pakistani rupee, Philippine peso, Polish zloty, Russian ruble, South African rand, Swedish krona, Swiss franc, Taiwanese dollar and Thai baht. At the time of authorization, Ex-Im Bank records the authorization amount as the U.S.-dollar equivalent of the foreign-currency obligation based on the exchange rate at that time.

**Operational Risk:** Operational risk is the risk of material losses resulting from human error, system deficiencies and control weaknesses. To mitigate the risk of loss stemming from operational dysfunctions, Ex-Im Bank has established a strong internal control environment that is reviewed by an independent internal auditor and has included process documentation, proper supervisory monitoring and technology access/edit controls. Ex-Im Bank also has an Office of Inspector General that conducts audits, inspections and investigations relating to the Bank's program and support operations.

**Organizational Risk:** The risk of loss to Ex-Im Bank due to the organizational environment: people and skills, incentives, culture and values. Ex-Im Bank hires highly qualified individuals and has a culture of rigorous risk assessment. Continual training opportunities are offered to all employees to maintain and enhance their high skill levels.

**Interest Rate Risk:** Ex-Im Bank makes fixed-rate loan commitments prior to borrowing to fund loans and takes the risk that it will have to borrow the funds at an interest rate greater than the rate charged on the credit. Any interest rate disparity would be accounted for in the subsidy re-estimate.

## IX. Other Management Information

### Statutory Limitations

Ex-Im Bank has several significant financial limitations that are contained in its charter and in various appropriation acts. The following exhibits (Exhibit 17 and Exhibit 18) summarize the status of those limitations as of September 30, 2012, as well as the utilization of available funding.

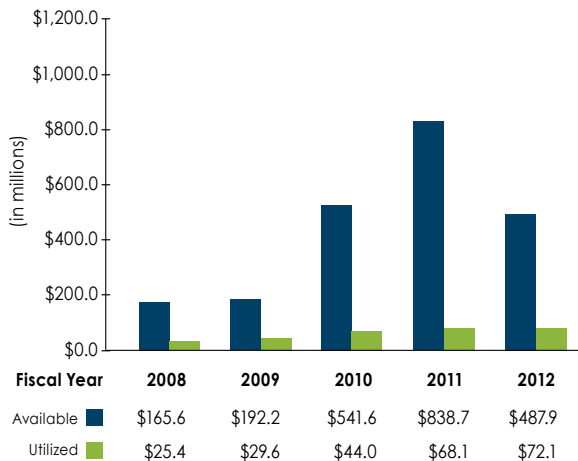
#### Exhibit 17: Financial Statutory Limitations

(In millions)

Spending Authority	Program Budget	Tied-Aid	Admin. Expense
Carry-Over From Prior Year	\$770.6	\$178.0	\$1.6
Rescission of Carry-Over Funds	(400.0)	-	N/A
Cancellations During FY 2012	9.3	0.4	N/A
Offsetting Collections	108.0	-	89.9
Inspector General	N/A	N/A	4.0
<b>Total</b>	<b>\$487.9</b>	<b>\$178.4</b>	<b>\$95.5</b>
Obligated	\$72.1	-	\$90.3
Unobligated Balance Lapsed	0.8	-	2.7
Unobligated Balance Available	\$415.0	\$178.4	\$2.5
	<b>Available</b>	<b>Obligated</b>	<b>Balance</b>
Statutory Lending Authority	\$120,000.0	\$106,646.4	\$13,353.6

Tied-aid is government-to-government concessional financing of public-sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower-than-market interest rates and/or direct grants.

**Exhibit 18: Program Budget (excluding Tied Aid)  
Available and Utilized**



## X. Limitations of the Financial Statements

The principal financial statements have been prepared to report the financial position and results of operations of Ex-Im Bank, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of Ex-Im Bank in accordance with government GAAP and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

## XI. Required Supplementary Information

Exhibit 19 presents the Statement of Budgetary Resources by Ex-Im Bank's major budget accounts.

### **Improper Payments Elimination and Recovery Act**

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. No. 111-204) requires agencies to review their programs and activities to identify those susceptible to significant improper payments. In accordance with the Improper Payments Information Act of 2002 (IPIA), Ex-Im Bank assessed its risk of a significant erroneous payment (defined for this purpose as annual erroneous payments in a program exceeding both 2.5 percent of the program payments and \$10 million or \$100 million, regardless of the improper payment percentage of total program outlays). The scope of this assessment included all program payments. For this purpose the term "payment" is defined as any payment that is:

- A payment or transfer of funds (including a commitment for future payment, such as cash, securities, loans, loan guarantees, and insurance subsidies) to any non-federal person or entity
- Made by a federal agency, a federal contractor, federal grantee, or a governmental or other organization administering a federal program or activity.

Ex-Im Bank identified three areas of payments which qualify under the above definition and therefore, warranted a risk assessment: administrative payments, claim payments and loan disbursements. Ex-Im Bank assessed the risk of improper payments associated with these programs to be low due to its internal controls in place, the nature of these disbursements and the results of an internal risk assessment questionnaire.

The questionnaire includes questions categorized per the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework (control environment, risk assessment, control activities, information, and communication and monitoring). Inclusion of the questionnaire incorporates additional quantitative components into the risk assessment. Based on this assessment, under the IPIA, no further action was required.

# Exhibit 19: Disaggregated Statement of Budgetary Resources

For the Year Ended September 30, 2012

(in millions)	Program Account	Direct-Loan Financing Account	Guaranteed-Loan Financing Account	Pre-Credit-Reform Financing Account	Other	Total
<b>Budgetary Resources</b>						
Unobligated Balance, Brought Forward October 1	\$1,196.7	\$ –	\$1,273.9	\$ –	\$11.7	\$2,482.3
Recoveries of Prior-Year Unpaid Obligations	21.1	215.5	–	–	0.3	236.9
Other Changes in Unobligated Balance	(2.0)	(1,919.3)	–	–	(1.0)	(1,922.3)
Unobligated Balance From Prior Year Budget Authority, Net	1,215.8	(1,703.8)	1,273.9	–	11.0	796.9
Appropriation	393.5	–	–	–	4.0	397.5
Borrowing Authority	–	13,640.5	–	–	–	13,640.5
Spending Authority from Offsetting Collections	218.3	2,141.8	1,096.4	11.3	0.2	3,468.0
<b>Total Budgetary Resources</b>	<b>\$1,827.6</b>	<b>\$14,078.5</b>	<b>\$2,370.3</b>	<b>\$11.3</b>	<b>\$15.2</b>	<b>\$18,302.9</b>
<b>Status of Budgetary Resources</b>						
Obligations Incurred	\$971.9	\$14,078.5	\$970.9	\$11.3	\$3.3	\$16,035.9
Unobligated Balance, End of Year:						
Apportioned	605.7	–	1,399.4	–	11.9	2,017.0
Unapportioned	250.0	–	–	–	–	250.0
Total Unobligated Balance, End of Year	855.7	–	1,399.4	–	11.9	2,267.0
<b>Total Status of Budgetary Resources</b>	<b>\$1,827.6</b>	<b>\$14,078.5</b>	<b>\$2,370.3</b>	<b>\$11.3</b>	<b>\$15.2</b>	<b>\$18,302.9</b>
<b>Change in Obligated Balance</b>						
Unpaid Obligations, Brought Forward, October 1 (Gross)	\$97.9	\$9,572.2	\$2.1	\$ –	\$1.2	\$9,673.4
Obligations Incurred	971.9	14,078.5	970.9	11.3	3.3	16,035.9
Outlays (Gross) (-)	(930.8)	(6,205.9)	(970.5)	(11.3)	(3.0)	(8,121.5)
Recoveries of Prior-Year Unpaid Obligations	(21.1)	(215.5)	–	–	(0.3)	(236.9)
Obligated Balance, End of Year						
Unpaid Obligations, End of Year, Gross	117.9	17,229.3	2.5	–	1.2	17,350.9
Uncollected Customer Payments From Federal Sources, End of Year	–	(16.6)	(125.1)	–	–	(141.7)
<b>Total, Unpaid Obligated Balance, Net, End of Period</b>	<b>\$117.9</b>	<b>\$17,212.7</b>	<b>(\$122.6)</b>	<b>\$–</b>	<b>\$1.2</b>	<b>\$17,209.2</b>
<b>Budget Authority and Outlays, Net:</b>						
Budget Authority, Gross	\$611.8	\$15,782.3	\$1,096.4	\$11.3	\$4.2	\$17,506.0
Actual Offsetting Collections	(218.3)	(2,136.2)	(974.9)	(34.7)	(22.0)	(3,386.1)
Change in Uncollected Customer Payments From Federal Sources	–	(16.6)	(125.1)	–	–	(141.7)
<b>Budget Authority, Net</b>	<b>\$393.5</b>	<b>\$13,629.5</b>	<b>(\$3.6)</b>	<b>(\$23.4)</b>	<b>(\$17.8)</b>	<b>\$13,978.2</b>
Outlays, Gross	\$930.8	\$6,205.9	\$970.5	\$11.3	\$3.0	\$8,121.5
Actual Offsetting Collections	(218.3)	(2,136.3)	(974.8)	(34.7)	(22.0)	(3,386.1)
<b>Net Outlays</b>	<b>\$712.5</b>	<b>\$4,069.6</b>	<b>(\$4.3)</b>	<b>(\$23.4)</b>	<b>(\$19.0)</b>	<b>\$4,735.4</b>



# Management Report on Financial Statement and Internal Accounting Controls

November 14, 2012

Ex-Im Bank's management is responsible for the content and integrity of the financial data included in the Bank's annual report and for ascertaining that this data fairly presents the financial position, results of operations and cash flows of the Bank.

The Bank's operations fall under the provisions of the Federal Credit Reform Act of 1990. This law provides that subsidy calculations must be performed (on a present-value basis) for all new loan, guarantee and insurance commitments, and the resulting cost, if any, must be covered by budget authority provided by Congress. Credits may not be approved if sufficient budget authority is not available.

The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America for federal agencies (government GAAP). As explained in more detail in the notes, the financial statements recognize the impact of credit-reform legislation on the Bank's commitments. Other financial information related to the Bank included elsewhere in the report is presented on a basis consistent with the financial statements.

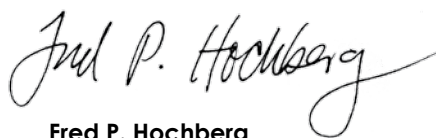
The Bank maintains a system of internal accounting controls that is designed to provide reasonable assurance at reasonable cost that assets are safeguarded and that transactions are processed and properly recorded in accordance with management's authorization, and that the financial statements are accurately prepared. The Bank believes that its system of internal accounting controls appropriately balances the cost/benefit relationship.

Ex-Im Bank's Board of Directors pursues its responsibility for the Bank's financial statements through its Audit Committee. The Audit Committee meets regularly with management and the independent accountants. The independent accountants have direct access to the audit committee to discuss the scope and results of their audit work and their comments on the adequacy of internal accounting controls and the quality of financial reporting.

The Bank believes that its policies and procedures, including its system of internal accounting controls, provide reasonable assurance that the financial statements are prepared in accordance with provision of applicable laws and regulations.

As required by the Federal Information Security Management Act (FISMA), the Bank develops, documents and implements an agency-wide program to provide information privacy and security (management, operational, and technical security controls) for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor or other source.

The Bank's financial statements were audited by independent accountants. Their opinion is printed in this annual report immediately following the notes to the financial statements.



**Fred P. Hochberg**  
Chairman and President



**David M. Sena**  
Chief Financial Officer

## Balance Sheets

(in millions)	As of September 30, 2012	As of September 30, 2011
<b>ASSETS</b>		
Intragovernmental		
Fund Balance With the U.S. Treasury (Note 2)	\$2,477.3	\$3,842.3
Receivable From the Program Account (Note 5)	–	789.3
<b>Total Assets - Intragovernmental</b>	<b>2,477.3</b>	<b>4,631.6</b>
Public		
Cash (Note 3)	0.1	0.1
Loans Receivable, Net (Note 4A)	10,865.4	6,701.0
Receivables From Subrogated Claims, Net (Note 4E)	303.7	367.2
Other Assets (Note 9)	22.8	11.2
<b>Total Assets - Public</b>	<b>11,192.0</b>	<b>7,079.5</b>
<b>Total Assets</b>	<b>\$13,669.3</b>	<b>\$11,711.1</b>
<b>LIABILITIES</b>		
Intragovernmental		
Borrowings From the U.S. Treasury (Note 11)	\$11,301.3	\$8,279.3
Accounts Payable to the U.S. Treasury	704.0	939.6
Payable to the Financing Account (Note 5)	–	789.3
<b>Total Liabilities - Intragovernmental</b>	<b>12,005.3</b>	<b>10,008.2</b>
Public		
Payment Certificates (Note 11)	47.5	64.3
Claims Payable	2.5	2.1
Guaranteed Loan Liability (Note 4G)	1,814.0	1,219.5
Other Liabilities (Note 10, 12)	563.0	876.7
<b>Total Liabilities - Public</b>	<b>2,427.0</b>	<b>2,162.6</b>
<b>Total Liabilities</b>	<b>14,432.3</b>	<b>12,170.8</b>
<b>Net Position</b>		
Capital Stock	1,000.0	1,000.0
Unexpended Appropriations	212.9	215.8
Cumulative Results of Operations	(1,975.9)	(1,675.5)
<b>Total Net Position</b>	<b>(763.0)</b>	<b>(459.7)</b>
<b>Total Liabilities and Net Position</b>	<b>\$13,669.3</b>	<b>\$11,711.1</b>

The accompanying notes are an integral part of the financial statements.

## Statements of Net Costs

(in millions)	Loans	Guarantees	Insurance	Total
<b>For the Year Ended September 30, 2012</b>				
Costs				
Interest Expense	\$523.9	\$ –	\$ –	\$523.9
Claim Expense	–	7.2	3.8	11.0
Provision for Credit Losses	341.4	644.6	36.9	1,022.9
Broker Commissions	–	–	6.5	6.5
<b>Total Costs</b>	<b>865.3</b>	<b>651.8</b>	<b>47.2</b>	<b>1,564.3</b>
Earned Revenue				
Interest Income	(459.5)	(66.6)	–	(526.1)
Fee and Other Income	(39.3)	(327.1)	–	(366.4)
Insurance Premium and Other Income	–	–	(42.4)	(42.4)
<b>Total Earned Revenue</b>	<b>(498.8)</b>	<b>(393.7)</b>	<b>(42.4)</b>	<b>(934.9)</b>
<b>Net Excess of Program Costs Over (Revenue)</b>	<b>366.5</b>	<b>258.1</b>	<b>4.8</b>	<b>629.4</b>
Administrative Costs (Note 4K, 13)				98.7
Liquidating Account Distribution of Income				23.4
<b>Total Net Excess Program Costs Over (Revenue)</b>				<b>\$751.5</b>

(in millions)	Loans	Guarantees	Insurance	Total
<b>For the Year Ended September 30, 2011</b>				
Costs				
Interest Expense	\$439.0	\$ –	\$ –	\$439.0
Claim Expense	–	11.7	5.3	17.0
Provision for Credit Losses	528.2	(55.8)	9.7	482.1
Broker Commissions	–	–	6.1	6.1
<b>Total Costs</b>	<b>967.2</b>	<b>(44.1)</b>	<b>21.1</b>	<b>944.2</b>
Earned Revenue				
Interest Income	(461.5)	(41.2)	–	(502.7)
Fee and Other Income	(23.2)	(282.5)	–	(305.7)
Insurance Premium and Other Income	–	–	(41.4)	(41.4)
<b>Total Earned Revenue</b>	<b>(484.7)</b>	<b>(323.7)</b>	<b>(41.4)</b>	<b>(849.8)</b>
<b>Net Excess of Program Costs Over (Revenue)</b>	<b>482.5</b>	<b>(367.8)</b>	<b>(20.3)</b>	<b>94.4</b>
Administrative Costs (Note 4K, 13)				91.1
Liquidating Account Distribution of Income				21.9
<b>Total Net Excess Program Costs Over (Revenue)</b>				<b>\$207.4</b>

The accompanying notes are an integral part of the financial statements.

## Statements of Changes in Net Position

(in millions)	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total
<b>For the Year Ended September 30, 2012</b>				
<b>Beginning Net Position</b>	<b>\$1,000.0</b>	<b>\$215.8</b>	<b>(\$1,675.5)</b>	<b>(\$459.7)</b>
<b>Budgetary Financing Sources (Uses)</b>				
Appropriations Received - Inspector General	–	4.0	–	4.0
Appropriations Received - Re-estimate	–	793.5	–	793.5
Canceled Authority	–	(0.4)	–	(0.4)
Transfer Out Without Reimbursement	–	–	(486.4)	(486.4)
Other Adjustments	–	0.6	(0.3)	0.3
Appropriations Used	–	(800.6)	800.6	–
Offsetting Collections	–	–	134.1	134.1
<b>Other Financing Sources</b>				
Imputed Financing	–	–	3.1	3.1
<b>Total Financing Sources (Uses)</b>	<b>–</b>	<b>(2.9)</b>	<b>451.1</b>	<b>448.2</b>
<b>Adjusted Net Position</b>	<b>1,000.0</b>	<b>212.9</b>	<b>(1,224.4)</b>	<b>(11.5)</b>
<b>Less: Excess of Program Costs Over Revenue</b>	<b>–</b>	<b>–</b>	<b>751.5</b>	<b>751.5</b>
<b>Ending Net Position</b>	<b>\$1,000.0</b>	<b>\$212.9</b>	<b>(\$1,975.9)</b>	<b>(\$763.0)</b>

(in millions)	Capital Stock	Unexpended Appropriations	Cumulative Results of Operations	Total
<b>For the Year Ended September 30, 2011</b>				
<b>Beginning Net Position</b>	<b>\$1,000.0</b>	<b>\$255.1</b>	<b>(\$1,609.0)</b>	<b>(\$353.9)</b>
<b>Budgetary Financing Sources (Uses)</b>				
Appropriations Received - Inspector General	–	2.5	–	2.5
Appropriations Received - Re-estimate	–	717.9	–	717.9
Canceled Authority	–	(21.9)	–	(21.9)
Transfer Out Without Reimbursement	–	–	(721.9)	(721.9)
Other Adjustments	–	–	0.8	0.8
Appropriations Used	–	(737.8)	737.8	–
Offsetting Collections	–	–	120.7	120.7
<b>Other Financing Sources</b>				
Imputed Financing	–	–	3.5	3.5
<b>Total Financing Sources (Uses)</b>	<b>–</b>	<b>(39.3)</b>	<b>140.9</b>	<b>101.6</b>
<b>Adjusted Net Position</b>	<b>1,000.0</b>	<b>215.8</b>	<b>(1,468.1)</b>	<b>(252.3)</b>
<b>Less: Excess of Program Costs Over Revenue</b>	<b>–</b>	<b>–</b>	<b>207.4</b>	<b>207.4</b>
<b>Ending Net Position</b>	<b>\$1,000.0</b>	<b>\$215.8</b>	<b>(\$1,675.5)</b>	<b>(\$459.7)</b>

The accompanying notes are an integral part of the financial statements.

## Combined Statements of Budgetary Resources

(in millions)	For the Year Ended September 30, 2012			For the Year Ended September 30, 2011		
	Budgetary	Non-Budgetary Credit Reform Financing Account	Total	Budgetary	Non-Budgetary Credit Reform Financing Account	Total
<b>Budgetary Resources:</b>						
Unobligated Balance Brought Forward, October 1	\$1,198.7	\$1,283.6	\$2,482.3	\$908.8	\$1,555.2	\$2,464.0
Recoveries of Prior Year Unpaid Obligations	21.4	215.5	236.9	20.7	45.1	65.8
Other Changes in Unobligated Balance	(3.0)	(1,919.3)	(1,922.3)	(3.7)	(727.3)	(731.0)
Unobligated Balance From Prior Year Budget Authority, Net	1,217.1	(420.2)	796.9	925.8	873.0	1,798.8
Appropriations	397.5	—	397.5	445.4	—	445.4
Borrowing Authority (Note 16)	—	13,640.5	13,640.5	—	6,612.1	6,612.1
Spending Authority From Offsetting Collections	229.7	3,238.3	3,468.0	713.9	2,561.5	3,275.4
<b>Total Budgetary Resources (Note 16)</b>	<b>\$1,844.3</b>	<b>\$16,458.6</b>	<b>\$18,302.9</b>	<b>\$2,085.1</b>	<b>\$10,046.6</b>	<b>\$12,131.7</b>
<b>Status of Budgetary Resources:</b>						
Obligations Incurred (Note 16)	\$986.6	\$15,049.3	\$16,035.9	\$886.4	\$8,763.0	\$9,649.4
Unobligated Balance, End of Year:						
Apportioned	607.7	1,409.3	2,017.0	957.5	1,283.6	2,241.1
Unapportioned	250.0	—	250.0	241.2	—	241.2
Total Unobligated Balance, End of Year (Note 16)	857.7	1,409.3	2,267.0	1,198.7	1,283.6	2,482.3
<b>Total Budgetary Resources</b>	<b>\$1,844.3</b>	<b>\$16,458.6</b>	<b>\$18,302.9</b>	<b>\$2,085.1</b>	<b>\$10,046.6</b>	<b>\$12,131.7</b>
<b>Change in Obligated Balance:</b>						
Unpaid Obligations, Brought Forward, October 1	\$99.2	\$9,574.2	\$9,673.4	\$108.4	\$5,510.6	\$5,619.0
Obligations Incurred	986.6	15,049.3	16,035.9	886.4	8,763.0	9,649.4
Outlays, Gross	(945.1)	(7,176.4)	(8,121.5)	(874.9)	(4,654.3)	(5,529.2)
Recoveries of Prior Year Unpaid Obligations	(21.4)	(215.5)	(236.9)	(20.7)	(45.1)	(65.8)
Obligated Balance, End of Year						
Unpaid Obligations, End of Year, Gross	119.3	17,231.6	17,350.9	99.2	9,574.2	9,673.4
Uncollected Customer Payments From Federal Sources, End of Year	—	(141.7)	(141.7)	—	—	—
<b>Obligated Balance, End of Year, Net</b>	<b>\$119.3</b>	<b>\$17,089.9</b>	<b>\$17,209.2</b>	<b>\$99.2</b>	<b>\$9,574.2</b>	<b>\$9,673.4</b>
<b>Budget Authority and Outlays, Net:</b>						
Budget Authority, Gross	\$627.1	\$16,878.9	\$17,506.0	\$1,159.2	\$8,456.4	\$9,615.6
Actual Offsetting Collections	(253.1)	(3,133.0)	(3,386.1)	(735.8)	(2,586.2)	(3,322.0)
Change in Uncollected Customer Payments From Federal Sources	—	(141.7)	(141.7)	—	—	—
<b>Budget Authority, Net</b>	<b>\$374.0</b>	<b>\$13,604.2</b>	<b>\$13,978.2</b>	<b>\$423.4</b>	<b>\$5,870.2</b>	<b>\$6,293.6</b>
Outlays, Gross	\$945.1	\$7,176.4	\$8,121.5	\$874.9	\$4,654.3	\$5,529.2
Actual Offsetting Collections	(253.1)	(3,133.0)	(3,386.1)	(735.8)	(2,586.2)	(3,322.0)
<b>Outlays, Net</b>	<b>\$692.0</b>	<b>\$4,043.4</b>	<b>\$4,735.4</b>	<b>\$139.1</b>	<b>\$2,068.1</b>	<b>\$2,207.2</b>

The accompanying notes are an integral part of the financial statements.



# Export-Import Bank of the United States

## Notes to the Financial Statements

For the Year Ended September 30, 2012, and Year Ended September 30, 2011

### 1. Summary of Significant Accounting and Reporting Policies

#### **Enabling Legislation and Mission**

The Export-Import Bank of the United States (Ex-Im Bank or the Bank) is an independent executive agency and a wholly owned U.S. government corporation that was first organized as a District of Columbia banking corporation in 1934. Ex-Im Bank is the official export-credit agency of the United States. Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act (FCRA) of 1990 (P.L. 101-508), which became effective October 1, 1991. The Export-Import Bank Reauthorization Act of 2012 extended the Bank's charter until September 30, 2014.

Ex-Im Bank's mission is to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank supports U.S. exports by providing export financing through its loan, guarantee and insurance programs in cases where the private sector is unable or unwilling to provide financing or when such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that compete with U.S. exporters. The Bank's charter requires reasonable assurance of repayment for the transactions it authorizes, and the Bank closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: direct loans, loan guarantees, working capital guarantees and export credit insurance. All Ex-Im Bank obligations carry the full faith and credit of the U.S. government.

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, while loans and guarantees extended under the long-term loan program usually have repayment terms in excess of seven years. Generally, both the medium-term and long-term loan and guarantee programs cover up to 85 percent of the U.S. contract value of shipped goods.

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit. Ex-Im Bank's working capital guarantee protects the lender from default by the exporter for 90 percent of the loan principal and interest. Ex-Im Bank's

Supply Chain Finance Guarantee Program (SCF Program) is designed to support U.S. exporters and their U.S. based suppliers many of whom are small and medium-sized companies. Under the SCF Program, lenders will purchase accounts receivable owned by the suppliers and due from the exporter. Ex-Im Bank provides a 90 percent guarantee on the repayment obligation of the exporter. The purchase of accounts receivable allows suppliers to receive immediate payment of their outstanding invoices, decrease their cost of financing, and enables them to better fulfill new orders and maintain and/or add jobs. The exporters benefit by having the option to extend payment terms without imposing undue financial hardship on their suppliers.

Ex-Im Bank's export-credit insurance policies help U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

#### **Basis of Accounting**

The format of the financial statements and footnotes is in accordance with form and content guidance provided in Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, revised as of August 3, 2012.

According to the guidance in the revised Circular A-136, the presentation of the Combined Statements of Budgetary Resources (SBR) for the years ended September 30, 2012 and 2011 was reformatted to better align with information presented in the Budget of the United States Government.

#### **Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and net position and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and costs during the reporting period. The most significant of these estimates are the allowances for losses on loans receivable, subrogated claims receivable, and guarantees and insurance. Ex-Im Bank uses its historical default and recovery experience to calculate loss estimates. Actual results may differ from those estimates.

### **Loans Receivables, Net**

Loan obligations are carried at principal and interest receivable amounts less an allowance for credit losses.

From time to time, Ex-Im Bank extends the repayment date and may modify the interest rate of some or all principal installments of a loan because the obligor or country has encountered financial difficulty and Ex-Im Bank has determined that providing relief in this manner will enhance the ability to collect the loan.

### **Receivables from Subrogated Claims, Net**

Receivables from Subrogated Claims represent the outstanding balance of payments that were made on claims that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under Ex-Im Bank's export guarantee or insurance programs. Receivables from subrogated claims are carried at principal and interest receivable amounts less an allowance for claim losses. Under the subrogation clauses in its guarantee and insurance contracts, Ex-Im Bank receives all rights, title and interest in all amounts relating to claims paid under insurance policies and guarantees and therefore establishes an asset to reflect such rights.

### **Accrued Interest**

Interest is accrued on loans and claims as it is earned. Generally, loans and subrogated claims receivable delinquent 90 days or more are placed on a nonaccrual status unless they are well-secured and significant collections have been received. At the time that a loan or claim is placed on nonaccrual status, any accrued but unpaid interest previously recorded is reversed against current-period interest income. The interest on these loans is accounted for on a cash basis until qualifying for return to accrual status. Loans are returned to accrual status when all principal and interest amounts contractually due are brought current and future payments are reasonably assured.

### **Accounting for Capitalized Interest on Rescheduled Loans and Subrogated Claims**

Rescheduling agreements frequently allow for Ex-Im Bank to add uncollected interest to the principal balance of rescheduled loans and subrogated claims receivable (i.e., capitalized interest). When capitalized, any accrued interest receivable is reversed against current period's interest income. The amount of interest that was capitalized and included in the principal balance is recorded as income when cash collections occur and only after all principal not related to the capitalized interest is paid. An allowance is established for all uncollected capitalized interest.

### **Allowance for Losses on Loans, Guarantees, Insurance and Subrogated Claims**

The Allowance for Losses provides for estimated losses inherent in the loan, claim, guarantee and insurance portfolios. The allowance is established through a provision

charged to earnings. Write-offs are charged against the allowance when management believes the uncollectibility of a loan or claim balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the credits in light of historical and market experience, the nature and volume of the credit portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing worldwide economic and political conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance for Ex-Im Bank credit-reform credits represents the amount of estimated credit loss associated with the applicable credit. The credit loss is defined as the net present value of estimated loan, guarantee and insurance defaults less subsequent estimated recoveries. Ex-Im Bank has established cash-flow models for expected defaults, fees and recoveries to estimate the credit loss for each approved credit. For new authorizations, the models incorporate Ex-Im Bank's actual historical loss and recovery experience.

The net credit loss of credit-reform loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and Statement of Federal Financial Accounting Standards (SFFAS) 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees." The re-estimates adjust the allowance for credit losses to account for actual activity and changes in the financial and economic factors that affect the repayment prospects over time.

### **Accounting for Guarantees in a Foreign Currency**

Ex-Im Bank provides guarantees and insurance denominated in certain foreign currencies. The foreign currencies approved for Ex-Im Bank guarantees as of September 30, 2012, are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Colombian peso, Egyptian pound, euro, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Norwegian krone, Pakistani rupee, Philippine peso, Polish zloty, Russian ruble, South African rand, Swedish krona, Swiss franc, Taiwanese dollar and Thai baht. At the time of authorization, Ex-Im Bank records the authorization amount as the U.S.-dollar equivalent of the foreign-currency obligation based on the exchange rate at that time. At the end of each fiscal year, Ex-Im Bank determines the dollar equivalent of the outstanding balance for each foreign-currency guarantee based on the exchange rate at the end of the year and adjusts the guarantee loan liability accordingly.

### **Borrowings from the U.S. Treasury**

The main source of Ex-Im Bank's outstanding debt is borrowings from the U.S. Treasury. Borrowings from the U.S. Treasury are used to finance medium-term and long-term loans. These borrowings carry a fixed rate of interest. They are further discussed in Note 11.

### **Payment Certificates**

Payment Certificates represent Ex-Im Bank's outstanding borrowings related to specific claims for which Ex-Im Bank is paying the guaranteed lender as the guaranteed installments become due. Payment certificates are issued by Ex-Im Bank in exchange for the foreign importer's defaulted note which was guaranteed by Ex-Im Bank and the payment certificates carry the same repayment terms and interest rate as the guaranteed foreign importer's note. Payment certificates are backed by the full faith and credit of the government and are freely transferable.

### **Claims Payable**

Liabilities for claims arising from Ex-Im Bank's guarantee and insurance activities and the related estimated losses and claim recovery expenses are accrued upon approval of a claim.

### **Accounts Payable to the U.S. Treasury**

Accounts Payable to the U.S. Treasury include the results of the credit-loss re-estimate required under the FCRA. The payable represents funds that are held in credit-reform financing accounts that are determined to be in excess of amounts needed to cover future defaults. The payable also includes expired appropriations no longer available for obligation that will be returned to the U.S. Treasury.

### **Fees and Premia**

Ex-Im Bank charges a risk-related exposure fee under both the loan and guarantee programs that is collected on each loan disbursement or shipment of goods under the guarantee policy.

On working capital guarantees, Ex-Im Bank charges an up-front facility fee, which, due to the short-term nature of the contracts, is credited to income as collected. Premia charged under insurance policies are recognized as income using a method that generally reflects the exposure over the term of the policy.

### **Appropriated Capital**

Appropriations received by Ex-Im Bank pursuant to the FCRA are recorded as paid-in-capital. Beginning in FY 2008, fees collected in excess of expected credit losses are used to reimburse the U.S. Treasury for appropriations provided for program and administrative costs, resulting in a net appropriation of zero. Appropriations received prior to FY 2008 and not required to finance credit activities are returned to the U.S. Treasury when the period of availability ends.

Congress has appropriated certain sums specifically for Ex-Im Bank's tied-aid activities. Tied-aid is government-to-government concessional financing of public-sector capital

projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower than market interest rates and/or direct grants.

### **Imputed Financing**

A financing source is imputed by Ex-Im Bank to provide for pension and other retirement benefit expenses recognized by Ex-Im Bank but financed by the Office of Personnel Management (OPM).

### **Liquidating Account Distribution of Income**

Ex-Im Bank maintains a liquidating account which accumulates the repayment on loans and claims issued prior to the FCRA. At the end of each fiscal year, Ex-Im Bank transfers the cash balance in this account to the U.S. Treasury. The amount transferred is detailed on the accompanying Statements of Net Costs.

## **2. Fund Balance with the U.S. Treasury**

Fund balances as of September 30, 2012, and September 30, 2011 were as follows:

<b>(in millions)</b>	<b>FY 2012</b>	<b>FY 2011</b>
Revolving Funds	\$1,448.5	\$2,506.2
General Funds – Unexpended Appropriations	465.5	462.7
General Funds – Offsetting Collections	514.3	839.4
Other Funds – Unallocated Cash	49.0	34.0
<b>Total</b>	<b>\$2,477.3</b>	<b>\$3,842.3</b>
<b>Status of Fund Balance with the U.S. Treasury</b>		
Unobligated Balance		
Available	\$2,017.1	\$2,241.1
Expired	250.0	241.2
Canceled and Unavailable	2.9	3.7
Obligated Balance Not Yet Disbursed	158.3	1,322.3
Funds Pending Application	49.0	34.0
<b>Total</b>	<b>\$2,477.3</b>	<b>\$3,842.3</b>

Revolving funds are credit-reform financing accounts. Included in the credit-reform financing accounts are disbursed appropriations, exposure fees collected, and interest paid by the U.S. Treasury to Ex-Im Bank on the balances in the account. These funds are available to cover losses in Ex-Im Bank's credit programs. Unexpended appropriated funds and unexpended offsetting collections are deposited in a noninterest-bearing account at the U.S. Treasury. These funds are available to Ex-Im Bank when the credit activity to which they relate takes place or to finance administrative expenses. Upon disbursement of the related loans or shipment of goods under guarantee or insurance policies, the funds become available to either subsidize the related loan disbursement or to be invested in the credit-reform financing accounts to fund the credit costs of the guarantee and insurance policies. Unallocated cash represents collections pending final application to the applicable loan or guarantee.

Unobligated available funds represent unexpired appropriations and offsetting collections and funds held in credit-reform financing accounts for payment of future guaranteed loan defaults. Unobligated expired funds represent appropriations and offsetting collections that are no longer available for new obligations.

Unobligated canceled funds represent appropriations that are no longer available and are returned to the U.S. Treasury in subsequent years. Obligated balance not yet disbursed represents appropriations, offsetting collections and funds held in the loan financing account awaiting disbursement.

As of September 30, 2012, and September 30, 2011, there were no unreconciled differences between U.S. Treasury records and balances reported on Ex-Im Bank's general ledger.

### 3. Cash

As of September 30, 2012, and September 30, 2011 there was \$0.1 million in cash balances held outside the U.S. Treasury. The amount represents receipts for collection of insurance premia that are transferred to one of Ex-Im Bank's U.S. Treasury accounts upon application to the appropriate credit.

### 4. Direct Loan, Loan Guarantees and Export-Credit Insurance Programs, Nonfederal Borrowers

Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. The buyer must make a cash payment to the U.S. exporter of at least 15 percent of the U.S. contract value. Ex-Im Bank's direct loans generally carry the lowest fixed-interest rate permitted for the importing country and term under the "Arrangement on Guidelines for Officially Supported Export Credits" negotiated among members of the OECD.

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S. exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers all of the commercial and political risks for 85 percent of the U.S. contract value.

Ex-Im Bank's export-credit insurance helps U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales.

### Credit Reform

The primary purpose of the FCRA is to measure more accurately the cost of federal credit programs and to place the cost of such credit programs on a basis equivalent with other federal spending.

OMB established The Interagency Country Risk Assessment System (ICRAS) to provide a framework for uniformly measuring country risk for the U.S. government's international credit programs across the various agencies that administer them. The ICRAS methodology determines the risk levels for lending to both sovereign governments and nonsovereign borrowers.

ICRAS rates every country to which U.S. government agencies have outstanding loans or loan guarantees or are anticipating making new credits available. ICRAS rates countries on the basis of economic and political and/or social variables. There are 11 sovereign and nine nonsovereign risk categories and each country receives two ratings: a sovereign-risk rating and a private-risk rating. ICRAS currently has risk ratings for 198 sovereign and 200 nonsovereign markets.

### FY 2012 and FY 2011 Activity

Ex-Im Bank received a \$4.0 million appropriation in FY 2012 and \$2.5 million in FY 2011 for the Inspector General administrative costs.

Beginning in FY 2008, fees collected in excess of expected credit losses (offsetting collections) are used to cover the Bank's credit program needs for providing new direct loans, guarantees and insurance and for administrative costs.

The following table summarizes offsetting collections and appropriations received and used in FY 2012 and in FY 2011:

(in millions)	FY 2012	FY 2011
<b>RECEIVED AND AVAILABLE</b>		
Appropriation for Inspector General Administrative Costs	\$4.0	\$2.5
Offsetting Collections	197.9	701.1
<b>Total Received</b>	<b>201.9</b>	<b>703.6</b>
Unobligated Balance Carried Over From Prior Year	950.2	676.5
Rescission of Unobligated Balances	(400.0)	(275.0)
Cancellations of Prior-Year Obligations	9.7	4.5
<b>Total Available</b>	<b>761.8</b>	<b>1,109.6</b>
<b>OBLIGATED</b>		
For Credit Program Costs Excluding Tied Aid	72.1	68.1
For Credit-Related Administrative Costs	90.3	91.3
<b>Total Obligated</b>	<b>162.4</b>	<b>159.4</b>
<b>UNOBLIGATED BALANCE</b>		
Unobligated Balance	599.4	950.2
Unobligated Balance Lapsed	(3.5)	—
<b>Remaining Balance</b>	<b>\$595.9</b>	<b>\$950.2</b>



Of the remaining balance of \$595.9 million at September 30, 2012, \$92.5 million is available until September 30, 2013; \$217.0 million is available until September 30, 2014; \$108.0 million is available until September 30, 2015; and \$178.4 million is available until expended and may be used for tied-aid programs.

New loans, guarantees and insurance result in a program cost (or subsidy cost) when the net present value of expected cash disbursements exceeds expected cash receipts. Cash receipts typically include fees or premia, loan principal and interest, and cash disbursements typically include claim payments and loan disbursements. For new authorizations, Ex-Im uses both its own historical default and recovery rates in its cash flow models to calculate program cost.

When the present value of expected cash receipts exceeds the present value of expected cash disbursements, a “negative” credit subsidy (or program revenue) arises.

Starting in FY 2008, Ex-Im Bank has operated on a self-sustaining basis using program revenue to fund current year administrative expenses and program costs. During FY 2012, Ex-Im Bank collected \$1,001.6 million of receipts in excess of estimated credit losses. Of these offsetting collections, \$89.9 million was used to fund administrative expenses, \$803.7 million was sent to the U.S. Treasury and \$108.0 million was retained and is available for obligation until September 30, 2015. During FY 2011, Ex-Im Bank collected \$701.1 million of receipts in excess of estimated credit losses. Of these offsetting collections, \$83.9 million was used to fund administrative expenses, \$0.2 million was used to fund subsidy expense, and \$617.0 million was retained. In FY 2012, \$400.0 million of the FY 2011 offsetting collections were rescinded, leaving \$217.0 million available for obligation until September 30, 2014.

Administrative costs are the costs to administer and service Ex-Im Bank’s entire credit portfolio. The program costs are obligated to cover the estimated subsidy costs at the time loans, guarantees and insurance are committed. As the loans are disbursed, or when the insured or guaranteed event has taken place (generally when the related goods are shipped), the obligated amounts are used to cover the estimated subsidy costs related to the disbursements and shipments. The portion of the obligated amounts related to Ex-Im Bank’s lending programs is used to partially fund the loan disbursements, while the portions related to Ex-Im Bank’s guarantee and insurance programs are invested in an interest-bearing account with the U.S. Treasury. Prior to loan disbursement or the insured or guaranteed event, all of the appropriated funds and offsetting collections are held in a noninterest-bearing U.S. Treasury account.

### **Allowance for Loss**

The process by which Ex-Im Bank determines its allowance for loss for each fiscal year involves assessing the repayment risk of the credit, which includes both commercial and political risk factors, then calculating the loss reserve based on the percentage of loss associated with the risk level assigned to the credit.

Sovereign risk is associated with an obligor that conveys the full faith and credit of its country. To rate sovereign obligors, Ex-Im Bank relies on the risk levels assigned to sovereign countries by ICRAS.

Nonsovereign obligors are divided into four categories for risk assessment purposes: (1) obligors in workout status; (2) obligors rated by third-party rating agencies, such as, Standard & Poor’s and Moody’s; (3) obligors not rated but publicly traded on local exchanges; and (4) obligors neither rated nor publicly traded on local exchanges.

After the political and commercial risks of the transaction are assessed, the transaction is assigned a risk rating based on the standard ICRAS classification. A major determinant of the risk rating is the sovereign-risk rating of the country in which the obligor is located. Credit enhancements such as the availability of liens and off-shore escrow accounts are taken into account.

For pre-credit-reform and nonimpaired loans receivable, Ex-Im Bank determines the allowance using historical default and recovery rates. The allowance for losses on this exposure is calculated using the credit loss estimate method. Consistent with industry practice in the private sector, this is an estimate of the loss expected due to credit risk and does not include non-credit factors that are included in the fair-market value method.

Loss reserves on pre-credit-reform impaired credits are determined using the fair-value method. Ex-Im Bank generally considers a credit impaired if it meets one or more of the following: (1) delinquent loans and claims with an amount of \$50,000 or more past due at least 90 days, (2) rescheduled loans and rescheduled claims or (3) nondelinquent loans and claims above a certain risk rating.

The allowance for losses for credit-reform loans, guarantees and insurance are determined by the credit loss calculated at authorization and subsequent adjustments made to the allowance as a result of the annual re-estimate.

### **Credit Loss Re-Estimate**

The estimated credit loss of the outstanding balance of loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and SFFAS 18. This re-estimate indicates the appropriate balance necessary in the financing accounts to ensure sufficient funds to pay future estimated claims.



Ex-Im Bank uses its actual historical default and recovery rates to calculate the re-estimated future credit losses. In the event that the balance in the financing accounts exceeds the re-estimate level, the difference will not be needed to cover future estimated claims and will be returned to the U.S. Treasury. In the event that the balance in the financing accounts is less than the re-estimate level, the FCRA provides that the difference will be transferred to Ex-Im Bank from a general appropriation account authorized for this purpose.

Every year, Ex-Im Bank re-evaluates the methods used for calculating the reserves needed to cover expected losses. The Bank uses historical experience to estimate the probability of default as well as the loss given default. The probability of default (PD) is the likelihood that a transaction would go into default where the loss given default (LGD) gives the estimated loss, net of recoveries and expenses, if a default occurred. Multiplying PD times LGD provides expected loss factors across programs and budget cost level (BCL) categories. Ex-Im Bank uses recent historical loss experience and other factors in developing the predictor interval for the probability of default.

Prior to FY 2012, Ex-Im Bank relied primarily on quantitative factors to calculate loss reserves. Because the portfolio grew significantly over the past few years and the composition of the portfolio became more complex, the Bank analyzed and developed for FY 2012 credit loss factors that incorporated both a quantitative and an enhanced qualitative framework. The additional qualitative factors are based on the risk profile of the Bank's portfolio and were added to the quantitative factors to better and more accurately measure risk through the reserve process. Fourteen qualitative adjustments were identified that fall into three broad categories; 1) model risk, 2) concentration risk and 3) global economic risk.

As of September 30, 2012, the re-estimate of the credit loss of the outstanding balances of FY 1992 through FY 2012 commitments indicated that a net of \$577.3 million of additional funds were needed in the financing accounts, mostly to cover funding costs on direct loans, which had exceeded original budgeted estimates. This upward re-estimate will be received from the U.S. Treasury in FY 2013.

As of September 30, 2011, a re-estimate of the credit loss of the exposure of FY 1992 through FY 2011 commitments indicated that a net amount of \$102.2 million was needed in the financing accounts. The amount was received from the U.S. Treasury in FY 2012.

## A. Direct Loans

Ex-Im Bank's loans receivable, as shown on the Balance Sheet, are net of an allowance for loan losses.

To calculate the allowance for loan losses for direct loans obligated prior to FY1992, each of the 11 risk levels is

identified with a loss percentage to determine the overall allowance for credit losses as described above. In addition, certain credits and capitalized interest included in gross loans receivable are reserved at 100 percent. At September 30, 2012, and September 30, 2011, capitalized interest on credits obligated prior to FY 1992 was \$137.2 million and \$142.1 million, respectively. The total allowance for direct loans obligated prior to FY 1992, including capitalized interest, equaled 82.6 percent and 72.2 percent, respectively, of gross loans and interest receivable.

The allowance for loss calculated for direct loans obligated since the commencement of FY 1992 equals the amount of credit loss incurred to support the loan obligation. The credit loss is the amount of loss estimated to be incurred on the transaction, as previously described. At September 30, 2012, and September 30, 2011, the allowance for loan losses on credit-reform credits equaled 10.1 percent and 14.9 percent, respectively, of the outstanding loans and interest receivable balance.

At September 30, 2012, and September 30, 2011, the allowance for both pre-credit-reform and credit-reform loans equaled 12.7 percent and 18.7 percent, respectively, of the total loans and interest receivable.

The outstanding balances related to rescheduled installments included in loans receivable at September 30, 2012, and September 30, 2011, were \$704.7 million and \$748.6 million, respectively. No loan principal installments were rescheduled in FY 2012 and FY 2011. Loan installments of interest rescheduled in FY 2012 and FY 2011 were \$69.0 million and \$19.5 million, respectively. The interest rate on rescheduled loans is generally a floating rate of interest, which is 50 basis points over the six-month U.S. Treasury rate.

The net balance of loans receivable at September 30, 2012, and September 30, 2011, consists of the following:

<b>FY 2012 (in millions)</b>	<b>Loans Receivable Gross</b>	<b>Interest Receivable</b>	<b>Allowance for Loan Losses</b>	<b>Value of Assets Related to Direct Loans, Net</b>
Loans Obligated Prior to FY 1992	\$459.3	\$0.4	(\$379.8)	\$79.9
Loans Obligated After FY 1991	11,894.8	96.5	(1,205.8)	10,785.5
<b>Total</b>	<b>\$12,354.1</b>	<b>\$96.9</b>	<b>(\$1,585.6)</b>	<b>\$10,865.4</b>

<b>FY 2011 (in millions)</b>	<b>Loans Receivable Gross</b>	<b>Interest Receivable</b>	<b>Allowance for Loan Losses</b>	<b>Value of Assets Related to Direct Loans, Net</b>
Loans Obligated Prior to FY 1992	\$478.9	\$59.8	(\$388.8)	\$149.9
Loans Obligated After FY 1991	7,630.8	69.7	(1,149.4)	6,551.1
<b>Total</b>	<b>\$8,109.7</b>	<b>\$129.5</b>	<b>(\$1,538.2)</b>	<b>\$6,701.0</b>

<b>(in millions)</b>	<b>FY 2012</b>	<b>FY 2011</b>
Direct Loans Disbursed During Year (Post-1991)	\$4,873.4	\$2,589.7

## B. Program Cost and Re-Estimate Expense for Direct Loans by Component

The table below discloses the interest, defaults, fees and re-estimate amounts associated with program cost disbursed in the current fiscal year on loan authorizations made in the current and prior fiscal years and the current year loss re-estimate.

(in millions)	FY 2012	FY 2011
Interest	(\$255.9)	(\$278.4)
Defaults	54.1	103.3
Fees and Other Collections	(391.2)	(230.9)
<b>Total</b>	<b>(593.0)</b>	<b>(406.0)</b>
Net Re-estimate – Principal	353.7	382.7
Net Re-estimate – Interest	(10.2)	136.6
<b>Total Net Re-estimate</b>	<b>343.5</b>	<b>519.3</b>
<b>Total Direct Loan Program Cost and Re-estimate Expense</b>	<b>(\$249.5)</b>	<b>\$113.3</b>

## C. Program Cost Rates for Direct Loans by Program and Component

The program cost rates disclosed below relate to the percentage of program costs on loan authorizations made in the reporting fiscal year. Because these rates only pertain to authorizations from the reporting fiscal year, these rates cannot be applied to loan disbursements in the reporting fiscal year to yield the program cost, which could result from disbursements of loans from both current and prior years.

	FY 2012	FY 2011
Interest	(13.7)%	(6.7)%
Defaults	1.7 %	3.6 %
Fees and Other Collections	(4.9)%	(9.2)%
<b>Total</b>	<b>(16.9)%</b>	<b>(12.3)%</b>

## D. Schedule for Reconciling Direct Loan Allowance Balances

The table below discloses the components of the direct-loan allowance:

(in millions)	FY 2012	FY 2011
Post-1991 Direct Loans		
Beginning Balance of the Allowance Account	\$1,149.4	\$1,210.0
Current-Year Program Cost	(593.0)	(406.0)
Modifications	-	-
<b>Subtotal Program Cost</b> <i>(See Note 4B for Component Breakdown)</i>	<b>(593.0)</b>	<b>(406.0)</b>
Fees Received	395.3	200.1
Loans Written Off	(0.9)	(290.9)
Program-Cost Allowance Amortization	233.3	197.3
Miscellaneous Recoveries and Costs	(321.8)	(280.4)
<b>Ending Balance Before Re-estimate</b>	<b>862.3</b>	<b>630.1</b>
Re-estimate	343.5	519.3
<b>Ending Balance of the Allowance Account</b>	<b>\$1,205.8</b>	<b>\$1,149.4</b>

Program-cost allowance amortization is calculated, as required by SFFAS 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees," as the difference between interest revenue and interest expense.

## E. Defaulted Guaranteed Loans

The allowance for defaulted guaranteed loans is calculated using the fair-market value method. Capitalized interest included in gross defaulted guaranteed loans receivable is reserved at 100 percent. At September 30, 2012, and September 30, 2011, capitalized interest on pre-credit reform defaulted guaranteed loans was \$33.5 million and \$37.4 million, respectively. At September 30, 2012, and September 30, 2011, capitalized interest on credit reform defaulted guaranteed loans was \$119.2 million and \$122.8 million, respectively. The total allowance equaled 79.8 percent and 78.1 percent of gross defaulted guaranteed loans and interest receivable at September 30, 2012, and September 30, 2011, respectively.

FY 2012 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Net
Defaulted Guaranteed Loans				
Obligated Prior to FY 1992	\$73.8	\$ -	(\$60.8)	\$13.0
Obligated After FY 1991	1,425.4	1.4	(1,136.1)	290.7
<b>Total</b>	<b>\$1,499.2</b>	<b>\$1.4</b>	<b>(\$1,196.9)</b>	<b>\$303.7</b>

FY 2011 (in millions)	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Net
Defaulted Guaranteed Loans				
Obligated Prior to FY 1992	\$93.5	\$ -	(\$73.8)	\$19.7
Obligated After FY 1991	1,584.1	1.1	(1,237.7)	347.5
<b>Total</b>	<b>\$1,677.6</b>	<b>\$1.1</b>	<b>(\$1,311.5)</b>	<b>\$367.2</b>

## F. Guaranteed Loans and Insurance

Ex-Im Bank is exposed to credit loss with respect to the amount of outstanding guaranteed loans and insurance policies in the event of nonpayment by obligors under the agreements. The commitments shown below are agreements to lend monies and issue guarantees and insurance as long as there is no violation of the conditions established in the credit agreement.

(in millions)	FY 2012	FY 2011
Gross Outstanding Principal of Guaranteed Loans and Insurance, Face Value	\$56,822.9	\$50,288.8
Gross Undisbursed Principal of Guaranteed Loans and Insurance, Face Value	19,566.0	20,453.2
<b>Total Gross Principal of Guaranteed Loans and Insurance, Face Value</b>	<b>\$76,388.9</b>	<b>\$70,742.0</b>
Amount of Principal That is Guaranteed and Insured by Ex-Im Bank	\$76,388.9	\$70,742.0
Gross Amount of Guaranteed Loans and Insurance Disbursed During Year, Face Value	\$21,879.7	\$17,892.9
Amount of Guaranteed Loans and Insurance Disbursed During Year That is Guaranteed and Insured by Ex-Im Bank	\$21,879.7	\$17,892.9

## G. Liability for Loan Guarantees and Insurance

The Liability for Loan Guarantees and Insurance of \$1,814.0 million at September 30, 2012, and \$1,219.5 million at September 30, 2011 represents the liability for Post FY 1991 guarantees and insurance credits. Since FY 2011, Ex-Im no longer has pre-FY 1992 liabilities for loan guarantees and insurance.

## H. Program Cost and Re-Estimate Expense for Loan Guarantees and Insurance by Component

The table below discloses defaults, fees and re-estimate amounts associated with the program cost disbursed in the current year on loan guarantee and insurance authorizations made in the current and prior fiscal years and the current year loss re-estimate. The total program cost also includes modifications made on these authorizations.

(in millions)	FY 2012	FY 2011
Defaults	\$829.0	\$549.8
Fees and Other Collections	(1,195.5)	(792.3)
<b>Total</b>	<b>(366.5)</b>	<b>(242.5)</b>
Net Re-estimate – Principal	290.8	(312.5)
Net Re-estimate – Interest	(57.0)	(104.6)
<b>Total Net Re-estimate</b>	<b>233.8</b>	<b>(417.1)</b>
<b>Total Loan Guarantee and Insurance Program Cost and Re-Estimate Expense</b>	<b>(\$132.7)</b>	<b>(\$659.6)</b>

## I. Program Cost Rates for Loan Guarantees and Insurance by Component

The program cost rates disclosed below relate to the percent of program costs on loan guarantee and insurance authorizations made in the reporting fiscal year. Because these rates only pertain to authorizations from the reporting fiscal year, these rates cannot be applied to the guarantees of loans disbursed during the reporting fiscal year to yield the program cost, which could result from disbursements of loans from both current and prior years.

	FY 2012	FY 2011
Defaults	2.2%	2.1%
Fees and Other Collections	(4.8)%	(4.5)%
<b>Total</b>	<b>(2.6)%</b>	<b>(2.4)%</b>

## J. Schedule for Reconciling the Allowance for Loan Guarantee Balances

The following table discloses the components of the allowance for loan guarantees:

(in millions)	FY 2012	FY 2011
Post-1991 Loan Guarantees		
Beginning Balance of the Allowance Account	\$1,219.5	\$1,418.4
Current Year Program Cost	(367.7)	(242.7)
Modifications	1.2	0.2
<b>Subtotal Program Cost</b> <i>(See Note 4H for Component Breakdown)</i>	<b>(366.5)</b>	<b>(242.5)</b>
Fees Received	666.0	464.1
Claim Expenses and Write-Offs	21.7	(22.0)
Interest Accumulation	45.6	51.7
Other	(6.1)	(33.1)
<b>Ending Balance Before Re-estimate</b>	<b>1,580.2</b>	<b>1,636.6</b>
Re-estimate	233.8	(417.1)
<b>Ending Balance of the Allowance Account</b>	<b>\$1,814.0</b>	<b>\$1,219.5</b>

## K. Administrative Costs

(in millions)	FY 2012	FY 2011
<b>Total Administrative Costs</b>	<b>\$98.7</b>	<b>\$91.1</b>

All of the Bank's administrative costs are attributed to the support of the Bank's loan, guarantee and insurance programs. Administrative costs are not allocated to individual programs.

## L. Allowance and Exposure Summary

(in millions)	FY 2012	FY 2011
<b>Pre-Credit-Reform Allowance</b>		
Allowance for Loan Losses	\$379.8	\$388.8
Allowance for Defaulted Guarantees	60.8	73.8
<b>Total Pre-Credit-Reform Allowance</b>	<b>440.6</b>	<b>462.6</b>
<b>Credit-Reform Allowance</b>		
Allowance for Loan Losses	1,205.8	1,149.4
Allowance for Defaulted Guarantees and Insurance	1,136.1	1,237.7
Liability for Loan Guarantees and Insurance	1,814.0	1,219.5
<b>Total Credit-Reform Allowance</b>	<b>4,155.9</b>	<b>3,606.6</b>
Total Allowance for Loan Loss	1,585.6	1,538.2
Total Allowance for Guarantees and Insurance	3,010.9	2,531.0
<b>Total Allowance</b>	<b>\$4,596.5</b>	<b>\$4,069.2</b>
Total Outstanding Balance of Loans, Guarantees and Insurance	\$70,676.2	\$60,076.1
Percent Allowance to Outstanding Balance	6.5%	6.8%
Total Exposure	\$106,646.4	\$89,152.0
Percent Allowance to Exposure	4.3%	4.6%

## 5. Receivable from the Program Account and Payable to the Financing Account

The Receivable from the Program Account is fully offset by the Payable to the Financing Account, the amounts are payable to and receivable from different Ex-Im Bank accounts at the U.S. Treasury and net to zero. As a result, for Balance Sheet presentation purposes these balances are being eliminated beginning in FY 2012. The elimination does not affect the Statements of Net Costs, the Statements of Changes in Net Position or the Combined Statements of Budgetary Resources.

## 6. Accrual of Interest

The weighted-average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2012, was 3.00 percent (3.13 percent on performing loans and rescheduled claims). The weighted-average interest rate on Ex-Im Bank's loan and rescheduled claim portfolio at September 30, 2011, was 3.37 percent (3.58 percent on performing loans and rescheduled claims). Interest income is recognized when collected on nonrescheduled claims.

Generally, the accrual of interest on loans and rescheduled claims is discontinued when the credit is delinquent for more than 90 days. Ex-Im Bank had a total of \$481.7 million and \$60.2 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2012. Ex-Im Bank had \$447.1 million and \$64.2 million of loans and rescheduled claims, respectively, in nonaccrual status at September 30, 2011. Had these credits been in accrual status, interest income would have been \$25.1 million higher as of September 30, 2012 (amount is net of interest received of \$2.6 million), and \$27.7 million higher in FY 2011 (amount is net of interest received of \$0.4 million).

In FY 2012, interest accruals on certain rescheduled debt were adjusted, reducing interest receivable and interest income by \$59.2 million. This was a prior year error that was immaterial and corrected in the current year.

Ex-Im Bank calculates the amount of interest income on the cash balances in the credit-reform financing accounts and the interest expense on outstanding borrowings from the U.S. Treasury under a method prescribed by OMB and the U.S. Treasury. In FY 2012, the calculation more accurately aligned the cash balances and outstanding borrowings to the interest rates in effect at the time the underlying credits were obligated. This change resulted in a reduction in interest income and interest expense with a net impact of approximately \$48.3 million decrease in interest cost in FY 2012.

## 7. Statutory Limitations on Lending Authority

Under provisions of the Export-Import Bank Act, as amended in FY 2012, Ex-Im Bank's statutory authority was increased from \$100.0 billion to \$120.0 billion of loans, guarantees and insurance outstanding at any one time. At September 30, 2012, and September 30, 2011, Ex-Im Bank's statutory authority used was as follows:

(in millions)	FY 2012	FY 2011
Outstanding Guarantees	\$54,133.5	\$47,844.0
Outstanding Loans	12,354.1	8,109.7
Outstanding Insurance	2,689.4	2,444.8
Outstanding Claims	1,499.2	1,677.6
<b>Total Outstanding</b>	<b>70,676.2</b>	<b>60,076.1</b>
Undisbursed Loans	16,404.2	8,622.7
Undisbursed Guarantees	12,726.7	13,585.1
Undisbursed Insurance	6,839.3	6,868.1
<b>Total Undisbursed</b>	<b>35,970.2</b>	<b>29,075.9</b>
<b>Total Exposure</b>	<b>\$106,646.4</b>	<b>\$89,152.0</b>

Transactions can be committed only to the extent that budget authority is available to cover program costs. For FY 2012 and FY 2011, Congress placed no limit on the total amount of loans, guarantees and insurance that could be committed in those years, provided that the statutory authority established by the Export-Import Bank Act was not exceeded.

During FY 2012, Ex-Im Bank committed \$11,764.5 million for direct loans, \$24,019.8 million for guarantees and insurance, using \$72.1 million of budget authority and no tied-aid funds. During FY 2011, Ex-Im Bank committed \$6,322.9 million for direct loans, \$26,404.2 million for guarantees and insurance, using \$68.1 million of budget authority and no tied-aid funds.

Ex-Im Bank has authorized guarantee transactions denominated in a foreign currency during FY 2012 totaling \$1,721.2 million, and authorized \$1,896.3 million during FY 2011, as calculated at the exchange rate at the time of authorization. Ex-Im Bank adjusts the allowance for all transactions denominated in a foreign currency using the various foreign-currency exchange rates at the end of the fiscal year.

For financial statement purposes, Ex-Im Bank defines exposure as the authorized outstanding and undisbursed principal balance of loans, guarantees, and insurance. It also includes the unrecovered balance of payments made on claims that were submitted to Ex-Im in its capacity as guarantor or insurer under the export guarantee and insurance programs. Exposure does not include accrued interest or transactions pending final approval. This corresponds to the way activity is charged against the Bank's overall \$120 billion lending limit imposed by Section 6(a)(2) of Ex-Im Bank's charter.

Working capital guarantees may be approved for a single loan or a revolving line of credit, with an availability generally of one year. Guaranteed lenders do not report activity to Ex-Im Bank; the entire credit is assumed to be "disbursed" when the fee is paid to the Bank. The credit is recorded as repaid in one installment six months after the expiry date of the credit unless the Controller's office is notified before that time that a claim has been paid. Under the assumption that the exporter is using the credit up to the

end of the expiry period, six months provides sufficient time for the guaranteed lender to report defaults to Ex-Im Bank in the event that the exporter does not repay the credit. If a claim is paid, the remaining outstanding balance of the credit associated with the claim is reduced to zero. Exposure is then reflected as an unrecovered claim.

Since there is typically a delay in reporting shipments under the insurance program, undisbursed balances remain on the books for 120 days after the expiry date to allow for the posting of shipments that took place within the period covered by the policy but were reported after the expiry date. These unreported shipments pose some liability in the form of claims that have been incurred but not yet reported (IBNR). Leaving the policy open past the expiry date provides a reserve for IBNR.

## 8. Concentration of Risk

Ex-Im Bank support is available to U.S. businesses exporting to countries around the world. The Bank's portfolio is concentrated more heavily in some regions, industries and obligors than others. In reviewing each transaction, Ex-Im Bank considers the option of using various credit enhancements to support its standard for a reasonable assurance of repayment. Various types of collateral, including liens on commercial aircraft, may or may not be appropriate or available in support of a credit.

The volatility in commodity prices, the fluctuation in currency exchange rates, and the tightening of credits markets may have an impact on borrowers' ability to service their obligations. Ex-Im Bank closely monitors the portfolio and makes appropriate rating adjustments and loss reserve adjustments as necessary.

The following tables summarize total exposure by geographic region as of September 30, 2012, and September 30, 2011:

2012 (in millions)		
Region	Amount	Percentage
Asia	\$42,345.3	39.7%
Latin America and Caribbean	22,104.6	20.7%
Europe	11,303.8	10.6%
North America	10,579.3	9.9%
Oceania	8,305.0	7.8%
Africa	5,770.8	5.4%
All Other	6,237.6	5.9%
<b>Total</b>	<b>\$106,646.4</b>	<b>100.0%</b>
2011 (in millions)		
Region	Amount	Percentage
Asia	\$32,832.3	36.9%
Latin America and Caribbean	19,728.3	22.1%
Europe	10,772.7	12.1%
North America	9,352.9	10.5%
Oceania	5,372.5	6.0%
Africa	4,832.5	5.4%
All Other	6,260.8	7.0%
<b>Total</b>	<b>\$89,152.0</b>	<b>100.0%</b>

The following tables summarize total exposure by industry as of September 30, 2012 and September 30, 2011:

2012 (in millions)		
Industry	Amount	Percentage
Air Transportation	\$49,419.6	46.3%
Manufacturing	18,091.0	17.0%
Oil and Gas	13,938.7	13.1%
Power Projects	8,649.2	8.1%
All Other	16,547.9	15.5%
<b>Total</b>	<b>\$106,646.4</b>	<b>100.0%</b>
2011 (in millions)		
Industry	Amount	Percentage
Air Transportation	\$43,014.5	48.2%
Manufacturing	12,499.8	14.0%
Oil and Gas	10,916.6	12.2%
Power Projects	6,818.8	7.6%
All Other	15,902.3	18.0%
<b>Total</b>	<b>\$89,152.0</b>	<b>100.0%</b>

The following tables summarize the five largest public and private obligors at September 30, 2012, and September 30, 2011:

2012 (in millions)		
Obligor	Amount	Percentage
Pemex	\$5,746.0	5.4%
Sadara Chemical Co.	4,975.4	4.7%
Ryanair Ltd.	3,666.1	3.4%
Various Government Entities of India	3,476.3	3.3%
Papua New Guinea LNG Global Comp.	3,000.0	2.8%
All Other	85,782.6	80.4%
<b>Total</b>	<b>\$106,646.4</b>	<b>100.0%</b>
2011 (in millions)		
Obligor	Amount	Percentage
Pemex	\$5,522.5	6.2%
Various Government Entities of India	3,742.4	4.2%
Ryanair Ltd.	3,524.4	4.0%
Papua New Guinea LNG Global Comp.	3,000.0	3.4%
Refinería de Cartagena S.A.	2,843.6	3.2%
All Other	70,519.1	79.0%
<b>Total</b>	<b>\$89,152.0</b>	<b>100.0%</b>



The following tables summarize the largest exposures by program by country as of September 30, 2012, and September 30, 2011:

### Loans Outstanding and Undisbursed:

2012 (in millions) Country	Amount	Percentage
Saudi Arabia	\$6,659.0	23.2%
Australia	3,461.6	12.0%
Colombia	2,650.0	9.2%
United Arab Emirates	2,459.3	8.6%
All Other	13,528.4	47.0%
<b>Total</b>	<b>\$28,758.3</b>	<b>100.0%</b>

2011 (in millions) Country	Amount	Percentage
Colombia	\$2,343.6	14.1%
Papua New Guinea	2,200.0	13.1%
Mexico	1,880.9	11.2%
India	1,370.0	8.2%
All Other	8,937.9	53.4%
<b>Total</b>	<b>\$16,732.4</b>	<b>100.0%</b>

### Subrogated Claims:

2012 (in millions) Country	Amount	Percentage
Mexico	\$319.7	21.3%
Indonesia	257.2	17.2%
Kazakhstan	140.3	9.4%
Serbia	111.5	7.4%
All Other	670.5	44.7%
<b>Total</b>	<b>\$1,499.2</b>	<b>100.0%</b>

2011 (in millions) Country	Amount	Percentage
Mexico	\$361.1	21.5%
Kazakhstan	141.9	8.5%
Indonesia	114.9	6.8%
Brazil	63.5	3.8%
All Other	996.2	59.4%
<b>Total</b>	<b>\$1,677.6</b>	<b>100.0%</b>

### Guarantees and Insurance:

2012 (in millions) Country	Amount	Percentage
Mexico	\$7,076.8	9.3%
India	4,968.8	6.5%
Ireland	4,756.3	6.2%
United Arab Emirates	4,240.5	5.6%
All Other	55,346.5	72.4%
<b>Total</b>	<b>\$76,388.9</b>	<b>100.0%</b>

2011 (in millions) Country	Amount	Percentage
Mexico	\$6,090.8	8.6%
India	5,631.1	8.0%
Ireland	4,315.2	6.1%
Turkey	3,747.0	5.3%
All Other	50,957.9	72.0%
<b>Total</b>	<b>\$70,742.0</b>	<b>100.0%</b>

## 9. Other Assets

(in millions)	FY 2012	FY 2011
Commitment Fee Receivables	\$20.8	\$8.9
Other	2.0	2.3
<b>Total Other Assets</b>	<b>\$22.8</b>	<b>\$11.2</b>

Commitment fees are charged on the undisbursed, unexpired balance of loans and certain guarantees. The Other category includes miscellaneous receivables, including assets acquired through claims recovery.

## 10. Liabilities Not Covered by Budgetary Resources

Ex-Im Bank's liability to employees for accrued unfunded annual leave, included in Other Liabilities on the Balance Sheets, was \$4.1 million as of September 30, 2012, and \$3.6 million as of September 30, 2011. The liability will be paid from future administrative-expense budget authority.

## 11. Debt

Ex-Im Bank's outstanding borrowings come from two sources: direct borrowing from the U.S. Treasury and the assumption of repayment obligations of defaulted guarantees under Ex-Im Bank's guarantee program via payment certificates.

Ex-Im Bank's total debt at September 30, 2012, and September 30, 2011, is as follows:

(in millions)	FY 2012	FY 2011
<b>U.S. Treasury Debt</b>		
Beginning Balance	\$8,279.3	\$7,254.5
New Borrowings	4,941.3	1,742.0
Repayments	(1,919.3)	(717.2)
<b>Ending Balance</b>	<b>\$11,301.3</b>	<b>\$8,279.3</b>
<b>Debt Held by the Public</b>		
Beginning Balance	\$64.3	\$78.8
New Borrowings	0.2	5.7
Repayments	(17.0)	(20.2)
<b>Ending Balance</b>	<b>\$47.5</b>	<b>\$64.3</b>
<b>Total Debt</b>	<b>\$11,348.8</b>	<b>\$8,343.6</b>

Ex-Im Bank had \$11,301.3 million of borrowings outstanding with the U.S. Treasury at September 30, 2012, and \$8,279.3 million at September 30, 2011, with a weighted-average interest rate of 3.99 percent at September 30, 2012, and 5.10 percent at September 30, 2011.

U.S. Treasury borrowings are repaid primarily with the repayments of medium-term and long-term loans. To the extent repayments on the underlying loans, combined with commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, U.S. Treasury borrowings do not have a set repayment schedule;

however, the full amount of the borrowings is expected to be repaid by FY 2038.

Payment certificates are issued by Ex-Im Bank in exchange for the foreign obligor's original note that was guaranteed by Ex-Im Bank on which Ex-Im Bank has paid a claim and carries the same repayment term and interest rate as the foreign obligor's note. Payment certificates are backed by the full faith and credit of the U.S. government and are freely transferable.

Outstanding payment certificates at September 30, 2012, and September 30, 2011, were \$47.5 million, and \$64.3 million, respectively. Maturities of payment certificates at September 30, 2012, are as follows:

(In millions) Fiscal Year	Amount
2013	\$1.3
2014	5.3
2015	0.4
2016	25.6
Thereafter	14.9
<b>Total</b>	<b>\$47.5</b>

The weighted-average interest rate on Ex-Im Bank's outstanding payment certificates at September 30, 2012, and September 30, 2011, was 3.79 percent and 4.06 percent, respectively.

## 12. Other Liabilities

(In millions)	FY 2012	FY 2011
Current		
Funds Held Pending Application	\$47.0	\$33.1
Administrative Expenses Payable	10.4	8.6
Miscellaneous Accrued Payables	1.5	1.9
Non-Current		
Deferred Revenue	504.1	833.1
<b>Total Other Liabilities</b>	<b>\$563.0</b>	<b>\$876.7</b>

As of September 30, 2012, and September 30, 2011, \$504.1 million and \$833.1 million, respectively represent deferred revenue in the form of offsetting collections which are available to cover administrative expenses and program costs.

## 13. Leases

Ex-Im Bank's headquarters office space is leased from the General Services Administration through the Public Buildings Fund. Lease expenses, included in Administrative Costs on the Statements of Net Costs were \$5.7 million in FY 2012 and \$6.3 million in FY 2011. The lease expires on December 31, 2014, at which time it will be renegotiated. Future payments under the lease are as follows:

(In millions) Fiscal Year	Amount
2013	\$6.2
2014	6.2
2015	1.6
<b>Total</b>	<b>\$14.0</b>

## 14. Commitments and Contingencies

### Pending Litigation

As of September 30, 2012, Ex-Im Bank was named in several legal actions, virtually all of which involved claims under the guarantee and insurance programs. It is not possible to predict the eventual outcome of the various actions; however, it is management's opinion that these claims will not result in liabilities to such an extent that they would materially affect the financial position or results of operations of Ex-Im Bank.

### Project Finance

In project-finance transactions, Ex-Im Bank's support during the construction period is generally in the form of a direct credit or comprehensive guarantee to the commercial lender. At the end of the construction period, the borrower in some cases has the opportunity to convert the commercial guaranteed financing to an Ex-Im Bank direct loan. As of September 30, 2012, and September 30, 2011, Ex-Im Bank had \$316.0 million and \$272.8 million, respectively, of such contingent loan commitments outstanding.

### Take-Out Option

Ex-Im Bank offers a "take-out" option available on all U.S. dollar, floating rate medium-term and long-term guarantees. The option allows banks to transfer the loan to Ex-Im following origination for a set of predetermined fees. As of September 30, 2012, and September 30, 2011, Ex-Im Bank had \$402.2 million and \$1,928.7 million, respectively, of such contingent loan commitments outstanding.

## 15. Disclosures Related to the Statements of Net Costs

Ex-Im Bank's Statements of Net Costs lists the costs and revenues associated with each of the Bank's lines of business, namely the loan, guarantee and insurance programs. The intragovernmental and public costs and revenues associated with each program, and administrative expenses, are disclosed below. Ex-Im Bank does not allocate administrative expenses by program.

Intragovernmental costs include interest expense paid to the U.S. Treasury related to borrowings associated with the funding of credit-reform direct loans and administrative costs paid to other government agencies. Intragovernmental revenues represent interest from the U.S. Treasury on cash balances in the credit-reform financing accounts.

Public costs represent costs which the Bank incurs to support the business programs. These costs are comprised primarily of the provision for loss on the loan and guarantee portfolio, and administrative costs paid to the public. Public revenue represents income items which are generated as a result of operating the loan, guarantee and insurance programs. This revenue primarily relates to the fee and interest income on the outstanding credits.

## Public Costs and Public Revenue

(In millions)	Loans	Guarantees	Insurance	Admin. Costs	Total
<b>For the Year Ended September 30, 2012</b>					
Intragovernmental Costs	\$523.9	\$ –	\$ –	\$6.2	\$530.1
Public Costs	341.4	651.8	47.2	92.5	1,132.9
<b>Total Costs</b>	<b>865.3</b>	<b>651.8</b>	<b>47.2</b>	<b>98.7</b>	<b>1,663.0</b>
Intragovernmental Revenue	(133.1)	(43.8)	(1.8)	–	(178.7)
Public Revenue	(365.7)	(349.9)	(40.6)	–	(756.2)
<b>Total Revenue</b>	<b>(498.8)</b>	<b>(393.7)</b>	<b>(42.4)</b>	<b>–</b>	<b>(934.9)</b>
Liquidating Account Distribution of Income					23.4
<b>Net Excess of Program Costs Over (Revenue)</b>					<b>\$751.5</b>
<b>For the Year Ended September 30, 2011</b>					
Intragovernmental Costs	\$439.0	\$ –	\$ –	\$6.5	\$445.5
Public Costs	528.2	(44.1)	21.1	84.6	589.8
<b>Total Costs</b>	<b>967.2</b>	<b>(44.1)</b>	<b>21.1</b>	<b>91.1</b>	<b>1,035.3</b>
Intragovernmental Revenue	(139.1)	(49.7)	(2.0)	–	(190.8)
Public Revenue	(345.6)	(274.0)	(39.4)	–	(659.0)
<b>Total Revenue</b>	<b>(484.7)</b>	<b>(323.7)</b>	<b>(41.4)</b>	<b>–</b>	<b>(849.8)</b>
Liquidating Account Distribution of Income					21.9
<b>Net Excess of Program Costs Over (Revenue)</b>					<b>\$207.4</b>

## 16. Disclosures Related to the Combined Statements of Budgetary Resources

Combined Statements of Budgetary Resources disclose total budgetary resources available to the Bank and the status of such resources at September 30, 2012, and September 30, 2011. Activity impacting budget totals of the overall U.S. government budget is recorded in Ex-Im Bank's Combined Statements of Budgetary Resources budgetary accounts. Activity which does not impact budget totals is recorded in Ex-Im Bank's Combined Statements of Budgetary Resources nonbudgetary accounts. As of September 30, 2012, and September 30, 2011 the Bank's resources in budgetary accounts totaled \$1,844.3 million and \$2,085.1 million, respectively. As of September 30, 2012, and September 30, 2011 the Bank's resources in nonbudgetary accounts totaled \$16,458.6 million and \$10,046.6 million, respectively.

### Adjustments to Beginning Balance of Budgetary Resources

Ex-Im Bank made no adjustments to the beginning budgetary resources during the years ended September 30, 2012, and September 30, 2011.

### Apportionment Categories of Obligations Incurred

Ex-Im Bank funds are apportioned in Category B, which restricts the use of funds by program. The amount of Category B apportionments that were obligated in FY 2012 and FY 2011 totaled \$16,035.9 million and \$9,649.4 million, respectively.

### Permanent Indefinite Appropriations

The FCRA requires an annual re-estimate of the credit loss allowance. In the event that there is an increase in estimated defaults, there is permanent and indefinite budget authority available for this purpose. In FY 2012, the Bank received \$102.2 million of permanent indefinite appropriations as a result of the FY 2011 re-estimate. In FY 2011, the Bank received \$717.9 million of permanent indefinite appropriations as a result of the FY 2010 re-estimate.

### Available Borrowing Authority and Terms of Borrowing

Ex-Im Bank in part relies on borrowings from the U.S. Treasury to help fund the Bank's loan program. U.S. Treasury borrowings are repaid primarily with the repayments of medium-term and long-term loans. To the extent repayments on the underlying loans, combined with commitment and exposure fees and interest earnings received on the loans, are not sufficient to repay the borrowings, permanent and indefinite appropriated funds are available to Ex-Im Bank through the re-estimation process for this purpose. Accordingly, U.S. Treasury borrowings do not have a set repayment schedule; however, the full amount of the borrowings is expected to be repaid by FY 2038.

For FY 2012 and FY 2011, Ex-Im Bank had \$13,640.5 million and \$6,612.1 million, respectively, in new borrowing authority with the U.S. Treasury.

### **Unobligated Balances**

Unobligated balances at September 30, 2012, totaled \$2,267.0 million. Of the \$2,267.0 million, \$607.7 million is available to cover program costs for new credits, \$1,409.3 million represents the amount in the guarantee and insurance financing account that is available to cover future defaults, and \$250.0 million is unavailable for new obligations.

Unobligated balances at September 30, 2011, totaled \$2,482.3 million. Of the \$2,482.3 million, \$957.5 million was available to cover program costs for new credits, \$1,283.6 million represents the amount in the guarantee and insurance financing account that was available to cover future defaults, and \$242.1 million was unavailable for new obligations.

### **Differences Between Combined Statements of Budgetary Resources and Budget of U.S. Government**

There are no differences between the budgetary resources shown on the Combined Statements of Budgetary Resources and the Budget of the U.S. Government.

## **17. Reconciliation of Net Cost of Operations to Budget**

The following schedule (see page 76) reconciles the Net Cost of Operations to the Bank's budgetary and financial accounting. The reconciliation illustrates the relationship between net obligations derived from Ex-Im Bank's budgetary accounts and the net cost of operations derived from Ex-Im Bank's proprietary accounts by identifying and explaining key differences between the two numbers.

## **18. Related-Party Transactions**

The financial statements reflect the results of contractual agreements with the Private Export Funding Corporation (PEFCO). PEFCO, which is owned by a consortium of private-sector banks, industrial companies and financial services institutions, makes medium-term and long-term fixed-rate and variable-rate loans to foreign borrowers to purchase U.S. made equipment when such loans are not available from traditional private sector lenders on competitive terms. Ex-Im Bank's credit and guarantee agreement with PEFCO extends through December 31, 2020. Through its contractual agreements with PEFCO, Ex-Im Bank exercises a broad measure of supervision over PEFCO's major financial management decisions, including approval of both the terms of individual loan commitments and the terms of PEFCO's long-term debt issues, and is entitled to representation at all meetings of PEFCO's board of directors, advisory board and exporters' council.

PEFCO has agreements with Ex-Im Bank which provide that Ex-Im Bank will (1) guarantee the due and punctual payment of principal and interest on export loans made by PEFCO and (2) guarantee the due and punctual payment of interest on

PEFCO's long-term secured debt obligations when requested by PEFCO. Such guarantees, aggregating \$6,095.6 million at September 30, 2012 (\$5,207.5 million related to export loans and \$888.1 million related to secured debt obligations) and \$5,252.6 million at September 30, 2011 (\$4,319.0 million related to export loans and \$933.6 million related to secured debt obligations), are included by Ex-Im Bank in the total for guarantee, insurance and undisbursed loans and the allowance related to these transactions is included in the Guaranteed Loan Liability on the Balance Sheets. Ex-Im Bank received fees totaling \$32.5 million in FY 2012 (\$32.2 million related to export loans and \$0.3 million related to secured debt obligations) and \$29.5 million in FY 2011 (\$29.2 million related to export loans and \$0.3 million related to secured debt obligations) for the agreements, which are included in Fee and Other Revenue on the Statements of Net Costs.

Ex-Im Bank has significant transactions with the U.S. Treasury. The U.S. Treasury, although not exercising control over Ex-Im Bank, holds the capital stock of Ex-Im Bank creating a related-party relationship between Ex-Im Bank and the U.S. Treasury.

## **19. Contributions to Employee Retirement Systems**

All of Ex-Im Bank's employees whose appointments have federal status are covered by either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS).

In FY 2012 and FY 2011, Ex-Im Bank withheld 7.0 percent of CSRS employees' gross earnings. Ex-Im Bank's contribution was 7.0 percent of employees' gross earnings. This sum was transferred to the CSRS fund from which this employee group will receive retirement benefits.

For FERS, Ex-Im Bank withheld 0.8 percent of employees' gross earnings. Ex-Im Bank's contribution was 11.2 percent of employees' gross earnings in FY 2012 and FY 2011. This sum was transferred to the FERS fund from which the employee group will receive retirement benefits. An additional 6.2 percent of gross earnings, after pre-tax deductions are withheld up to the 2012 and 2011 limit of \$110,100 and \$106,800, respectively; that sum plus matching contributions by Ex-Im Bank are sent to the Social Security System from which the FERS employee group will receive Social Security benefits.

FERS and CSRS employees may elect to participate in the Thrift Savings Plan (TSP). CSRS and FERS employees may contribute up to \$17,000 of gross earnings. In addition, FERS employees receive an automatic 1 percent contribution from Ex-Im Bank. Amounts withheld for FERS employees are matched by Ex-Im Bank up to 4 percent for a maximum Ex-Im Bank contribution to the TSP of 5 percent.

Total Ex-Im Bank (employer) matching contributions to the TSP, CSRS and FERS for all employees, included in Administrative Costs in the Statements of Net Costs, were approximately \$6.4 million in FY 2012 and \$6.1 million in FY 2011. Although Ex-Im Bank funds a portion of pension benefits under the CSRS and FERS relating to its employees and makes the necessary payroll withholdings for them, it has no liability for future payments to employees under these programs and does not account for the assets of the CSRS and FERS, nor does it have actuarial data with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. These amounts are reported by the OPM for the Retirement Systems and are not allocated to the individual employers. The excess of total pension expense over the amount contributed by Ex-Im Bank and its employees represents the amount of pension expense which must be financed directly by OPM. Ex-Im Bank recognizes an imputed cost and an imputed financing source, calculated using cost factors supplied by OPM, equal to the excess amount.

OPM also accounts for the health and life insurance programs for current and retired civilian federal employees. Similar to the accounting treatment afforded the retirement programs, the actuarial data related to the health and life insurance programs is maintained by OPM and is not available on an individual-employer basis. Ex-Im Bank recognizes an imputed cost and an imputed financing source for the future cost of these other retirement benefits (ORB) at the time the employee's services are rendered. This ORB expense is calculated using cost factors supplied by OPM and must be financed by OPM.



(in millions)	For the Year Ended September 30, 2012	For the Year Ended September 30, 2011
<b><u>Resources Used To Finance Activities</u></b>		
<b>Budgetary Resources Obligated</b>		
Obligations Incurred	\$16,035.9	\$9,649.4
Less: Spending Authority From Offsetting Collections and Recoveries	3,704.9	3,387.8
<b>Net Obligations</b>	<b>12,331.0</b>	<b>6,261.6</b>
<b>Other Resources</b>		
Imputed Financing From Costs Absorbed by Others	3.1	3.5
<b>Total Resources Used To Finance Activities</b>	<b>\$12,334.1</b>	<b>\$6,265.1</b>
<b><u>Resources Used To Finance Items Not Part of Net Cost of Operations</u></b>		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered But Not Yet Provided	(\$7,677.3)	(\$4,054.4)
Resources That Fund Expenses in Prior Periods	(789.3)	(717.9)
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations		
– Credit-Program Collections	2,432.8	2,588.1
Resources That Finance the Acquisition of Assets	(6,644.4)	(4,634.6)
Distribution of Income	23.4	21.9
<b>Total Resources That Do Not Finance Net Cost of Operations</b>	<b>(12,654.8)</b>	<b>(6,796.9)</b>
<b>Total Resources Used to Finance the Net Cost of Operations</b>	<b>(\$320.7)</b>	<b>(\$531.8)</b>
<b><u>Components of the Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</u></b>		
<b>Components Requiring or Generating Resources in Future Periods</b>		
Allowance Amortization	\$461.2	\$357.4
Provisions for Loss – Pre-Credit-Reform Credits	(25.1)	3.6
Downward Re-estimate of Credit-Losses	(486.3)	(721.9)
Upward Re-estimate of Credit-Losses	1,023.0	789.3
Change in Receivables	(158.2)	(213.7)
Change in Payables	0.2	427.4
<b>Total Components Requiring or Generating Resources in Future Periods</b>	<b>814.8</b>	<b>642.1</b>
<b>Components Not Requiring or Generating Resources</b>		
Deferral Adjustments	257.4	97.1
<b>Total Components Not Requiring or Generating Resources</b>	<b>257.4</b>	<b>97.1</b>
<b>Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</b>	<b>\$1,072.2</b>	<b>\$739.2</b>
<b>Net Excess of Program Costs Over (Revenue)</b>	<b>\$751.5</b>	<b>\$207.4</b>

# Independent Auditors' Report

## **To the Audit Committee, the Board of Directors, and the Inspector General of the Export-Import Bank of the United States**

We have audited the accompanying balance sheets of the Export-Import Bank of the United States (Ex-Im Bank) as of September 30, 2012 and 2011, and the related statements of net costs, changes in net position, and the combined statements of budgetary resources for the years then ended (collectively referred to as the "financial statements"). These financial statements are the responsibility of Ex-Im Bank's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ex-Im Bank's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of Ex-Im Bank as of September 30, 2012 and 2011, and its net costs of operations and changes in net position, and combined budgetary resources for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, according to the guidance in the revised OMB Circular A-136, *Financial Reporting Requirements*, the presentation of the Combined Statements of Budgetary Resources (SBR) for the years ended September 30, 2012 and 2011, was reformatted to better align with information presented in the Budget of the United States Government.

The accompanying required supplementary information included in the sections entitled "Management's Discussion and Analysis" and "Required Supplementary Information" are not required parts of the basic financial statements but are supplementary information required by OMB Circular A-136, as amended, and the Federal Accounting Standards Advisory Board. This supplementary information is the responsibility of Ex-Im Bank's management. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit such supplementary information and we do not express an opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2012, on our consideration of Ex-Im Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audits.

*Deloitte & Touche LLP*

McLean, Virginia  
November 14, 2012

# Independent Auditors' Report

On Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

## To the Audit Committee, the Board of Directors, and the Inspector General of the Export-Import Bank of the United States

We have audited the financial statements of the Export-Import Bank of the United States (Ex-Im Bank) as of and for the year ended September 30, 2012, and have issued our report thereon dated November 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*, as amended.

### Internal Control Over Financial Reporting

Management of Ex-Im Bank is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Ex-Im Bank's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ex-Im Bank's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Ex-Im Bank's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

We noted other matters involving the internal control over financial reporting that will be reported to Ex-Im Bank in a separate letter.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ex-Im Bank's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and certain other laws and regulations specified in OMB Bulletin No. 07-04, as amended. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and OMB Bulletin No. 07-04, as amended.

This report is intended solely for the information and use of Ex-Im Bank, the Audit Committee, the Board of Directors, the Inspector General, the OMB, the Government Accountability Office, and the United States Congress and is not intended to be, and should not be, used by anyone other than these specified parties.

*Deloitte & Touche LLP*

McLean, Virginia  
November 14, 2012

# Directors and Officers

as of November 15, 2012

## Board of Directors

**Fred P. Hochberg**  
Chairman and President

**Wanda Felton**  
First Vice President and Vice Chair

**Patricia M. Loui**  
Board Member

**Sean Mulvaney**  
Board Member

**Larry W. Walther**  
Board Member

**Rebecca M. Blank**  
U.S. Secretary of Commerce (acting)  
Board Member, ex officio

**Ambassador Ron Kirk**  
U.S. Trade Representative  
Board Member, ex officio

## Office of the Inspector General

**Osvaldo L. Gratacos**  
Inspector General

## Senior Management

**Alice Albright**  
Executive Vice President and  
Chief Operating Officer

**James C. Cruse**  
Senior Vice President  
Policy and Planning

**Michael Cushing**  
Senior Vice President  
Resource Management

**Angela Mariana Freyre**  
Senior Vice President  
and General Counsel

**John A. McAdams**  
Senior Vice President  
Export Finance

**Daniel Reilly**  
Senior Vice President  
Communications

**Scott P. Schloegel**  
Senior Vice President  
Congressional Affairs

**David M. Sena**  
Senior Vice President  
and Chief Financial Officer

**Charles D. Tansey**  
Senior Vice President  
Small Business

**Kenneth M. Tinsley**  
Senior Vice President  
Credit and Risk Management

**Kevin Varney**  
Senior Vice President  
and Chief of Staff

## Other Officers

**Jeffrey A. Abramson**  
Vice President  
Trade Finance and Insurance

**Pamela S. Bowers**  
Vice President  
Business Credit

**David W. Carter**  
Vice President  
Credit Underwriting

**Phillip S. (Phil) Cogan**  
Vice President  
Public Affairs

**B. Michele Dixey**  
Vice President  
Transportation Portfolio Management

**Raymond J. Ellis**  
Vice President  
Global Business Development

**Jessica Farmer**  
Vice President  
Asset Management

**C. Michael Forgione**  
Vice President  
Office of Industry Sector Development

**Wayne L. Gardella**  
Vice President  
Small-Business Finance

**William Hellert**  
Vice President  
Congressional Affairs

**Nathalie Herman**  
Vice President  
Treasurer

**Walter Hill, Jr.**  
Vice President  
Credit Review and Compliance

**Walter Kosciow**  
Vice President  
Short-Term Trade Finance

**Michele A. Kuester**  
Vice President  
Business Processes,  
Total Enterprise Modernization

**James A. Mahoney, Jr.**  
Vice President  
Engineering and Environment

**William A. Marsteller**  
Chief Economist and Vice President  
Country Risk and Economic Analysis

**Piper P. Moffatt**  
Vice President  
International Relations

**Robert A. Morin**  
Vice President  
Transportation

**John Schuster**  
Vice President  
Structured Finance

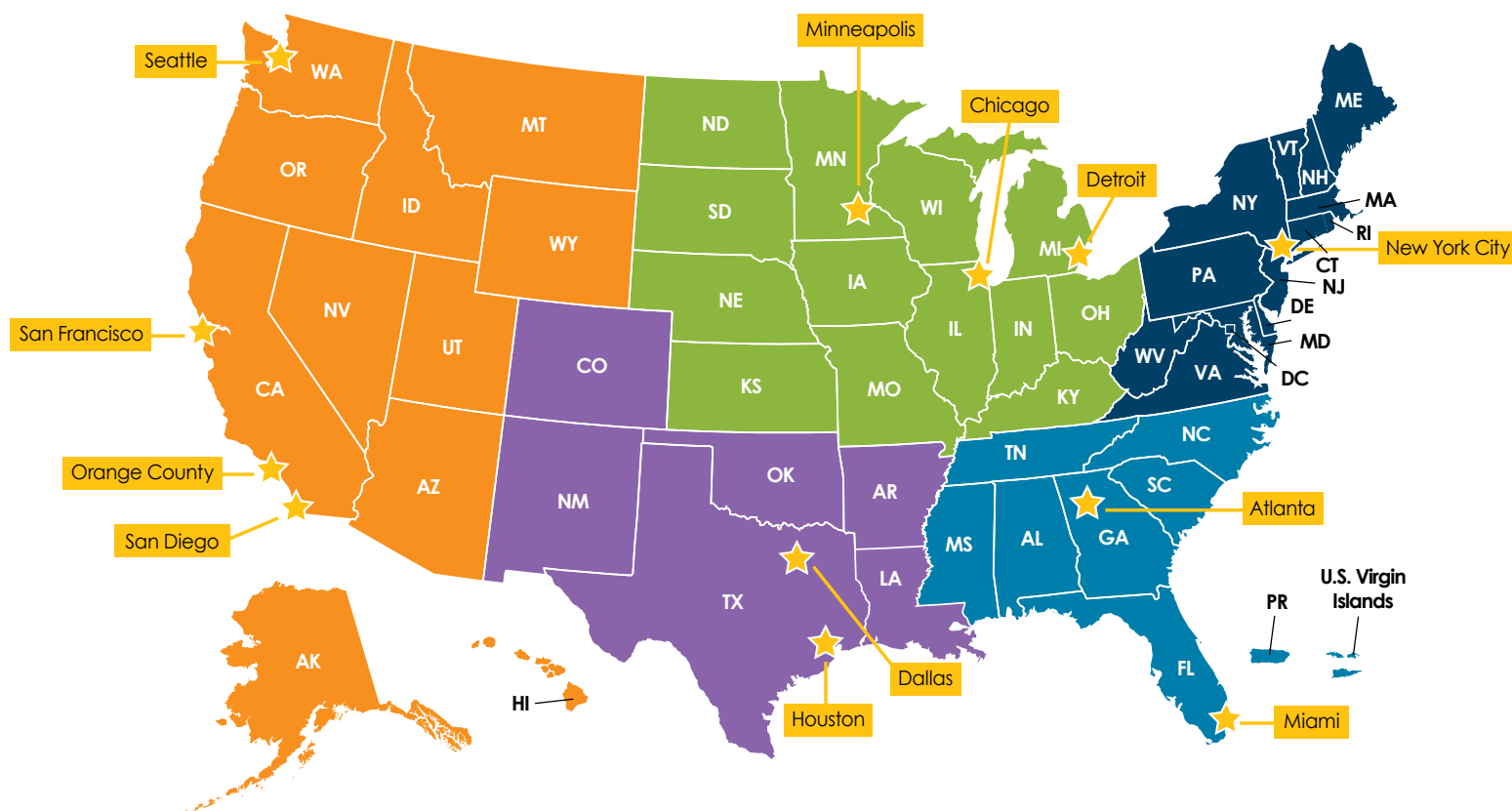
**Joseph A. Sorbera**  
Vice President  
Controller

**Helene Walsh**  
Vice President  
Policy Analysis

**Fernanda Young**  
Chief Information Officer

# Ex-Im Bank Regional Export Finance Centers

Serving Small-Business Exporters Locally Across the United States



## West

**Orange County**  
2302 Martin Court, Suite 315  
Irvine, CA 92612  
Tel: 949-660-1341

**San Diego**  
9449 Balboa Avenue  
Suite 111  
San Diego, CA 92123  
Tel: 858-467-7035

**San Francisco**  
50 Fremont Street  
Suite 2450  
San Francisco, CA 94105  
Tel: 415-705-2285

**Seattle**  
2001 6th Avenue, Suite 2600  
Seattle, WA 98121  
Tel: 206-728-2264

## Southwest

**Houston**  
1880 South Dairy Ashford II  
Suite 405  
Houston, TX 77077  
Tel: 281-721-0465

**Dallas**  
(North Texas Branch)  
McKinney Chamber  
of Commerce  
Summit Park I  
2150 S. Central Expressway  
Suite 150  
McKinney, TX 75069  
Tel: 214-551-4959

## Midwest

**Chicago**  
200 West Adams Street  
Suite 2450  
Chicago, IL 60606  
Tel: 312-353-8081

**Detroit**  
440 Burroughs Street  
Suite 315  
Detroit, MI 48202  
Tel: 313-230-8832

**Minneapolis**  
100 N 6th Street, Suite 210-C  
Minneapolis, MN 55403  
Tel: 612-348-1213

## Southeast

**Miami**  
5835 Blue Lagoon Drive  
Suite 203  
Miami, FL 33126  
Tel: 305-526-7436

**Atlanta**  
75 Fifth Street, N.W.  
Suite 1060  
Atlanta, GA 30308  
Tel: 404-897-6082

## Northeast and Mid-Atlantic

**New York**  
Ted Weiss Federal Building  
290 Broadway, 13th Floor  
New York, NY 10007  
Tel: 212-809-2650







**Export-Import Bank of the United States**

811 Vermont Avenue, N.W.  
Washington, DC 20571

**[www.exim.gov](http://www.exim.gov)**

New York, Miami, Atlanta, Chicago, Detroit,  
Minneapolis, Houston, Dallas, Orange County, CA,  
San Diego, San Francisco, Seattle